Chapter - III

COMPLIANCE AUDIT

Animal Husbandry Department

3.1 Audit of Adequacy and Development of Infrastructure for Animal Husbandry

3.1.1 Introduction

Animal Husbandry Department (Department) covers livestock development, poultry development, disease control, fodder development and other animal husbandry activities related to the socio-economic upliftment of rural masses and employment generations. The services are provided by the Department through the following animal husbandry infrastructure:

Table 3.1.1: Animal Husbandry Infrastructure in the State (as on March 2019)

Item	No. of units	Function
Veterinary Hospitals	2202	Treatment, vaccination and other disease control activities
Livestock Extension Centre	2575	Perform artificial insemination and provide first aid treatment to infirm animals
Dispensaries	267	
Multipurpose Mobile Veterinary Services	774	Provide artificial insemination and veterinary treatment services to infirm animals in remote villages
Artificial Insemination Centres	5044	Provide artificial insemination to cattle and buffalos
Other types of infrastructure	275	These include Disease Diagnostic Laboratories, Polyclinics, Semen Production Centers, Livestock Farms, Carcass Utilisation Units, etc. *(**Appendix-3.1.1**)* for providing/assisting breeding services, animal health, feed and fodder development, carcass utilisation, etc.

(Source: Directorate, Animal Husbandry)

The Principal Secretary, Animal Husbandry is the administrative head of the Department and is responsible for implementation and monitoring of animal husbandry activities at the Government level. At Department level, there are two Directors who are supported by Additional Directors and Joint Directors to carry out activities of the Department. For streamlining livestock farm activities in the State, there is one Deputy Director, Farms who monitors farm activity in the Department. The State of Uttar Pradesh is divided into 18 administrative regions comprising three to six districts in each region. The administrative regions are headed by Deputy Directors who monitor animal husbandry activities in their respective regions. At the district level, Chief Veterinary Officers monitor various departmental activities in the respective districts.

3.1.1.2 Scope of Audit

The audit of 'Adequacy and Development of Infrastructure for Animal Husbandry' was conducted for the period from 2014-15 to 2018-19 with a view to assess the sufficiency of animal husbandry infrastructure and adequacy of efforts to augment animal husbandry infrastructure. Eight districts[44] were sampled[45] for the detailed audit. Besides scrutiny of records at Directorate, records of the offices of Chief Veterinary Officers in the sampled districts, 109 block-level veterinary hospitals[46] and one livestock farm were also examined. Apart from scrutiny of the records, audit methodology involved issuing of questionnaires, evidence gathering during examination of records of audited entities and site visits carried out jointly with the departmental officials, etc.

The audit objectives, scope, criteria, etc. were discussed with the Department in the entry conference held on 16 August 2019. An Exit Conference was held on 16 March 2020 to discuss the draft report. The reply of Government during the Exit Conference have been suitably incorporated in the report.

3.1.2. Funding for Animal Husbandry activities

Year-wise budget provision and expenditure during 2014-19 pertaining to the Department were as shown in **Table 3.1.2** and **Table 3.1.3**.

Table 3.1.2: Provisioning and Expenditure – Capital

(₹ in crore)

Year	Budget Provision	Expenditure	Savings
2014-15	99.27	81.30	17.97
2015-16	67.72	66.61	1.11
2016-17	317.59	194.44	123.15
2017-18	199.85	130.30	69.55
2018-19	284.58	187.02	97.56
Total	**969.01**	**659.67**	**309.34**

(Source: Directorate, Animal Husbandry)

Table 3.1.3: Provisioning and Expenditure – Revenue

(₹ in crore)

Year	Budget Provision	Expenditure	Savings
2014-15	740.56	677.56	63.00
2015-16	898.31	728.75	169.56
2016-17	1117.52	943.85	173.67
2017-18	1362.20	1135.40	226.80
2018-19	1653.78	1255.19	398.59
Total	**5,772.37**	**4,740.75**	**1,031.62**

(Source: Directorate, Animal Husbandry)

As seen from **Table 3.1.2**, capital expenditure spiked during 2016-17 to 2018-19, which was mainly on account of funding for reconstruction of veterinary hospitals. However, there were significant savings of 32 *per cent* under capital and 18 *per cent* under revenue heads.

Audit findings

The audit findings are discussed in succeeding paragraphs. As this was a test audit in eight sampled districts and most of the audit findings are of a nature that may reflect in other districts not covered in the test audit, Department may therefore like to internally examine the position in rest of the districts with a

[44] Agra, Barabanki, Gonda, Gorakhpur, Hamirpur, Maharajganj, Mathura and Saharanpur
[45] using stratified random methodology
[46] There were a total of 278 veterinary hospitals in the eight test-checked districts.

view to ensure adequacy of animal husbandry infrastructure as per requirement.

3.1.3 Policy framework for Animal Husbandry infrastructure

For planned infrastructure development in respect of animal husbandry in Uttar Pradesh, it was essential that the State have a comprehensive policy in place for addressing various challenges in the field of animal husbandry. In this context, the National Livestock Policy, 2013 (NLP) outlined major challenges in the livestock sector, viz., shortage of feed and fodder; low productivity of livestock; prevention and control of livestock diseases; issues relating to biosecurity; absence of effective extension and lack of access to institutional finance for improving productivity by adopting latest technology; and, inadequate infrastructure for marketing, processing and value addition. The NLP laid down various interventions for increasing livestock productivity in a sustainable manner. Further, the NLP provides that the States' may review and prepare their respective livestock and breeding policies taking into account the National Livestock Policy to suit their local needs.

Audit observed that while the State Government had a State Breeding Policy, 2018 for cattle and buffaloes, it neither prepared a comprehensive livestock policy to address issues such as feed and fodder development, animal biodiversity and strengthening infrastructure nor adopted the National Livestock Policy, 2013.

Audit did not find on record the mechanism for planning and establishing veterinary infrastructure in the State. The Department did not prepare strategic and annual action plans for strengthening of veterinary infrastructure. Further, the only veterinary facilities for which the Department had prescribed norms were for establishing new Veterinary Hospitals (VH) and operation of multipurpose mobile veterinary services. However, standards/norms for equipping a VH were not prescribed, though every year a Veterinary Specialist Committee prepares a list of medicines and equipment for procurement. Similarly, there were no norms/standards prescribed for other types of veterinary institutions, except for multipurpose mobile veterinary services.

The Government stated (March 2020) that the Department had prepared the Breeding Policy whereas other issues of livestock development in line with the National Livestock Policy, 2013 were under consideration.

3.1.4 Infrastructure augmentation through National Livestock Mission

The National Livestock Mission (NLM) was launched by GoI in 2014-15 to aid State Governments in achieving sustainable growth and developing livestock sector and to create additional employment opportunities in rural areas. To achieve these objectives, the State Government was to prepare Strategic and Annual Action Plans for strengthening and creating veterinary infrastructure as per NLM Guidelines.

Scrutiny of records revealed that the Department did not prepare the required Strategic and Annual Action Plans. Under NLM, District Livestock Mission Committee (DLMC) was to be constituted for project formulation, implementation and monitoring of the various interventions under NLM. However, DLMC was not constituted in any of the eight test-checked districts and no action plan was prepared in these districts under NLM during 2014-15 to 2018-19.

Audit scrutiny revealed that during 2014-15 to 2018-19, the Department received ₹ 6.35 crore from GoI and ₹ 1.50 crore from the State Government[47] under NLM for developing livestock sector, viz., conservation and promotion of Muzaffarnagari[48] sheep (₹ 0.36 crore), organising trainings (₹ 0.21 crore), fairs/exhibitions (0.14 crore) and genetic improvement of goat and sheep (₹ 7.14 crore). While the Department utilised entire fund available for organising trainings and fairs/exhibitions, the expenditure under programmes for conservation and promotion of Muzaffarnagari sheep and genetic improvement of goat and sheep were ₹ 0.29 crore (81 *per cent*) and ₹ 0.40 crore (six *per cent*). As a result of less utilisation, the Department surrendered ₹ 5.43 crore[49] to GoI. Thus, the Department failed to augment animal husbandry infrastructure despite availability of funds under NLM. Audit further noticed that due to lack of efforts, the Department could not augment the following animal husbandry infrastructure:

Table 3.1.4: Lack of efforts to augment infrastructure through NLM

Veterinary Infrastructure	Purpose of the Infrastructure	Audit Observation
Modernisation and development of breeding infrastructure[50]	Developing breeding farms with infusion of high-end technology with focus on biosecurity and maintenance of disease free stock	In test-checked districts of Agra and Hamirpur, none of 25 goat breeding centres and 14 pig breeding centers were functioning during 2014-19 due to non-availability of male goats and pigs. However, no action was taken to activate these breeding centres, despite substantial surrender under the programme for genetic improvement of goat.
Rural Slaughter Houses	To ensure hygiene in meat production by establishing/ modernising slaughter houses in rural and semi-urban areas with population of less than 50,000 and encourage value addition to products in rural areas so that livestock owners get better income with proper utilization of by-products	NLM envisaged to implement the programme of Rural Slaughter Houses (establishment /modernisation/expansion) through Panchayati Raj Institutions. However, department did not identify rural and semi-urban areas to establish abattoirs.
Pastureland and Fodder Conservation Units	Improving degraded waste-land, enhancing vegetation cover on barren lands, producing green fodder and to improve fertility	State Government directed (May 2017) Chief Veterinary Officers in each districts to identify wasteland, degraded forest land in gram panchayats for developing pasture land under NLM. However, no wasteland/degraded forest was selected in any block of the State.

[47] State Government provided ₹ 1.50 crore under the programme for genetic improvement of goat and sheep.
[48] Muzaffarnagari sheep is one of the tallest and heaviest mutton breed of the country.
[49] Including interest
[50] Breeding infrastructure through artificial insemination in cattle and buffalos are available in veterinary hospitals, livestock extension centres and dispensaries of Animal Husbandry Department in the State.

Veterinary Infrastructure	Purpose of the Infrastructure	Audit Observation
Conservation of fodder through post-harvest technologies	Conservation of fodder and converting crop residues into fodder blocks by establishing fodder blocks through the use of modern technologies.	This component of NLM included establishment of high capacity fodder block making units and distribution of low capacity, tractor mountable fodder block making units. However, Department did not carry out feasibility studies to establish fodder block and silage making units.

(Sources: Directorate and Chief Veterinary Officers in the test-checked districts)

The Government stated (March 2020) that new projects pertaining to conservation of fodder were proposed but were not sanctioned. The reply was not satisfactory as the Department failed to make use of NLM towards developing infrastructure for animal husbandry in the State.

3.1.5 Livestock farm

The Department had a total of ten farms for the purpose of raising pedigree seeds and to produce pedigree livestock to meet the growing needs of the State. Out of these farms, only one farm (in Barabanki) fell in the test-checked districts. Scrutiny of records revealed that some facilities in Barabanki farm had been established after the closure of the farm at *Chak Ganjaria*, Lucknow.

The farm at *Chak Ganjaria*, Lucknow was established in March 1950 to undertake work on allied problems, such as production of fodder and seed culture and to undertake research in crop and livestock production and management. Green trees, shrubs, vegetation of various varieties were existed on a substantial portion of the farmland. As per GoUP Order (April 2013), the entire land of *Chak Ganjaria* livestock farm (846.49 acres) was transferred to Lucknow Development Authority (LDA) (526.49 acres) and other State Government departments (320 acres) for infrastructure development, such as Information Technology city, establishment of medical institutions, Indian Institute of Information Technology, Uttar Pradesh Administrative Academy and milk processing plant. Government also directed that the existing activities of Animal Husbandry Department would be shifted within two years in phases to State Institute for Management of Agriculture, Rahmankhera, Lucknow (frozen semen production centre), Mahangar Lucknow (departmental training centre), Livestock farm, Niblet, Barabanki (remaining activities of the Animal Husbandry Department at *Chak Ganjaria* farm) so that activities of *Chak Ganjaria* are not be affected due to transfer of land to other Departments.

Further scrutiny revealed that LDA was to pay ₹ 679.91 crore to the Animal Husbandry Department on account of transfer of *Chak Ganjaria* farmland to LDA, which was yet to be received (March 2020). On the other hand, the Department had incurred ₹ 163.31 crore for transferring units to Rahmankhera and Barabanki. However, veterinary infrastructure, viz., Horse Breeding Centre and Fodder Seed Production Unit, which were functional at *Chak Ganjaria* farm, ceased to exist as it was not shifted to Barabanki.

The Government stated (March 2020) that some infrastructure of *Chak Ganjaria* farm was functioning at other places and efforts were being made to obtain the sale proceeds of ₹ 679.91 crore from LDA. The reply was not tenable, as Horse Breeding Centre and Fodder Seed Production Unit, which were earlier functioning at *Chak Ganjaria* farm, were not shifted to Barabanki farm as envisaged (April 2013) by the State Government.

3.1.6 Animal Husbandry Healthcare Infrastructure

3.1.6.1 Veterinary hospitals

The National Commission on Agriculture in 1976 had observed that there was roughly one veterinary hospital/dispensary for 26,000 cattle units[51], which was inadequate to ensure the health and production of livestock. It recommended that there should be at least one veterinarian for every 20,000 cattle units by the year 1980, 10,000 cattle units by the year 1990 and 5,000 cattle units by the year 2000. In this context, keeping in view the limited resources, the State Government decided (September 2005) to have a veterinary hospital[52] for at least 15,000 livestock.

Audit observed that against the total number of 520.36 lakh cattle and buffaloes[53], there were only 2,202 veterinary hospitals at district headquarters as well as in rural areas (tehsil and block levels) and five polyclinics at regional level. Thus, there was one veterinary hospital/polyclinic available in the State for 23,577 cattle and buffaloes as per Animal Census 2019, which was less than that targeted by the Government in September 2005. The availability of veterinary hospitals in fact worsened from the status of one hospital for 22,758 cattle and buffaloes as per Animal Census 2012. The Government accepted (March 2020) the shortage of veterinary hospitals.

3.1.6.2 Human resources for veterinary services

Availability of adequate number of veterinarians and para-veterinary staff at different levels of the veterinary set-up is essential for providing expected level of veterinary services and efficient utilisation of veterinary infrastructure. However, out of 278 veterinary hospitals (VHs)[54] in the test-checked eight districts, veterinary officers were not posted in 41 VHs whereas 125 VHs were running without pharmacist. Similarly, as against 310 Livestock Extension Centres in these test-checked districts, only 281 Livestock Extension Officers (LEOs) were posted. The shortages in the cadres of veterinarian and para-veterinary staff in the State ranged from 12 *per cent* to 47 *per cent*, as detailed in **Table 3.1.5**.

Table 3.1.5: Availability of veterinarian and para-veterinary staff in Animal Husbandry Department (as on March 2020)

Designation	Description	Sanctioned Strength	Persons in position	Shortfall (*per cent*)
Chief Veterinary Officer	Administrative Head in district, who is responsible to implement the scheme of Department and monitor veterinary services	75	75	No shortfall

[51] In making calculation for 'cattle units', the Commission applied following factors of livestock unit: cattle, buffaloes, equines (1.0), sheep and goats (0.1), pigs (0.2) and poultry (0.01).
[52] In Uttar Pradesh, the post of one veterinarian (Veterinary Officer) is sanctioned in every VH.
[53] As per animal census 2019
[54] Eight VHs did not provide information about availability of Veterinary Officers and Pharmacists.

Designation	Description	Sanctioned Strength	Persons in position	Shortfall (*per cent*)
Deputy Chief Veterinary Officer	Posted in district and tehsil level VHs, who provides treatment, vaccination and insemination services; out of 467 sanctioned posts, 302 posts are for VHs and 165 sanctioned posts are for other animal husbandry infrastructure in the State.	467	314	153 (33)
Veterinary Officer	Posted in VHs, who provide treatment, vaccination and insemination services; out of 1984 sanctioned posts, 1900 posts are sanctioned for VHs and 84 posts are sanctioned for other animal husbandry institutions in the State.	1984	1740	244 (12)
Livestock Extension Officer	Posted in livestock extension centres and dispensaries, who perform vaccination, first aids, castration and animal husbandry extension work.	3116	2475	641 (21)
Pharmacist	Posted in VHs to assist veterinary officers in treatment and other veterinary services	1984	1096	888 (45)
Lab Assistant	Posted in laboratories to provide diagnostic services	102	54	48 (47)
Dresser	Posted in district level hospitals and dispensaries to perform dressing	293	184	109 (37)
Total		8,021	5,938	2,083 (26)

(Source: Directorate, Animal Husbandry)

Audit also observed that the State Government made an effort to address this paucity by recruiting 497 veterinary doctors during 2014-19 as follows:

Table 3.1.6: Recruitment of Veterinary Doctors during 2014-19

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Doctors recruited	168	236	16	Nil	77

(Source: Directorate, Animal Husbandry)

The Government accepted (March 2020) the availability of inadequate number of veterinarians in hospitals and other veterinary centres. The Department stated that the status of vacant posts had been periodically intimated to the concerned authorities. It further stated that the recruitment of 242 veterinary officers was under progress and recruitment rules of LEOs were being revised.

3.1.6.3 Medicines and equipment

A Veterinary Specialist Committee comprising senior veterinary officers and subject specialists was constituted annually at the Department level, which prepares a list of important medicines and equipment to be procured for use in veterinary hospitals. Scrutiny of records in the test-checked districts revealed that most of the medicines and equipment were not being procured and supplied to hospitals. During 2018-19, out of the 177 medicines and 80 equipment recommended by the Veterinary Specialist Committee, 103 medicines and 35 equipment were not available in at least 50 *per cent* of the test-checked hospitals (***Appendix-3.1.2* and *Appendix-3.1.3***). Non-availability of the essential medicines, equipment and consumables in the VHs indicates that either the quality of treatment was compromised or the animal keepers were buying medicines from outside. An illustrative list of unavailability of important medicines and equipment in 107 test-checked VHs during 2018-19 is given in **Table 3.1.7**.

Table 3.1.7: Illustrative list of unavailability of important medicines and equipment in VHs

Name of Medicine and Equipment	Usage	Non-availability (Number of VHs)
Inj. Andreno Chrome monosemicarbazone IP	Used for treatment, control and prevention in secondary haemorrhage, haematuria, bleeding nose, retinal haemorrhage, etc.	97
Amoxicillin IP+ Cloxacillin IP + Probenecid IP bolus	Used to prevent gout and gouty arthritis	61
Norfloxacin IP+ Tinidazol IP Bolus	Used to treat vaginal infections	68
Inj. Ranitidine	Used to treat ulcers of stomach and intestines	89
Inj. Serum Gonadotrophin B. Vet C	Used in infertility treatment to trigger final follicular maturation and ovulation, as well as for luteal phase support.	98
Animal Sling	Used in orthopaedic injury	95
Laryngoscope with 4 blades (For small animals laryngoscopy/ standard)	Used to anesthetise animals	83
High Frequency X-ray unit (mobile) with minimum 10 kv output	Used in x-ray examination	107
Ultrasound (vet)	Used in performing ultrasound in animals	100
Otoscope and Ophthalmoscope set	Used in examining ear canal, eardrum and interior structure	93

(Source: Information provided by VHs)

The Government stated (March 2020) that every year the Veterinary Specialist Committee prepares lists of medicines and equipment for procurement and their usage in hospitals across the State. Only necessary medicines and equipment are procured and distributed in the field units within the available budgetary provisions.

The reply was not tenable, as the Veterinary Specialist Committee recommends only important medicines and equipment in its list and the shortages of these medicines and equipment were a cause of major concern in the test-checked districts.

3.1.6.4 Bio-medical waste treatment

Bio-Medical Waste Management Rules, 2016 provide that veterinary centres that generate bio-medical waste shall take all necessary steps to ensure that such wastes are handled without any adverse effect to human health and the environment.

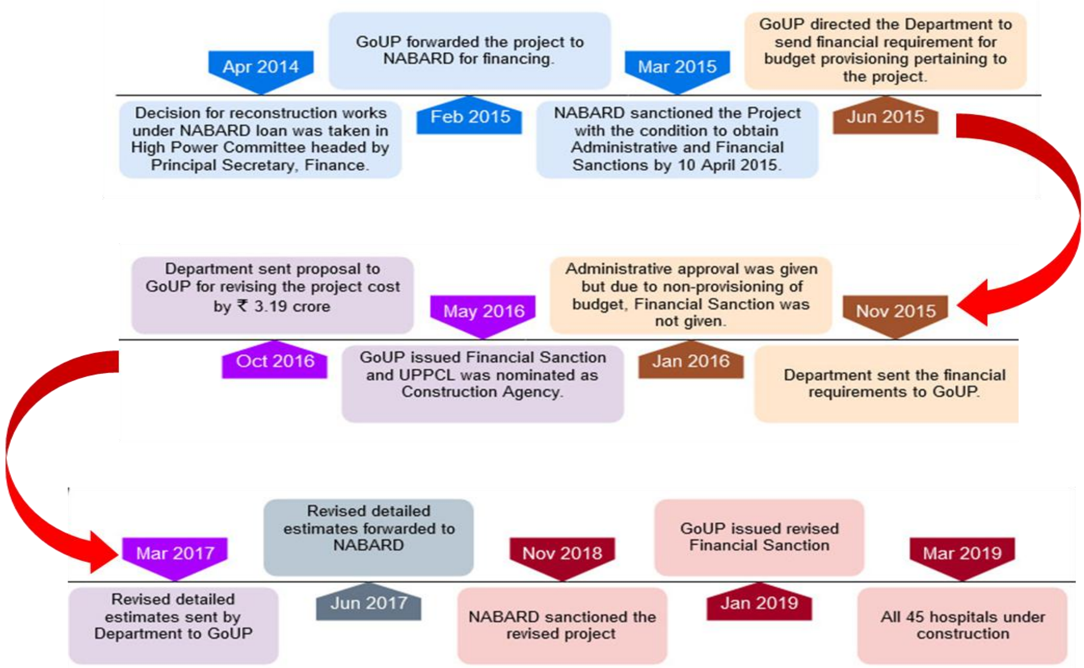
Audit observed that the Department neither created any system nor issued any advisory to the field units for treatment of bio-medical wastes as per the provisions contained in the Rules. All veterinary units were discarding bio-medical wastes without treatment, thus violating the Rules with a concomitant deleterious impact on the environment.

The Government stated (March 2020) that advisory would be issued to field units to follow the Bio-Medical Waste Management Rules.

3.1.6.5 Reconstruction of veterinary hospitals

During 2014-19, a total of 82 Veterinary Hospitals (VHs) were under reconstruction in the State, which were funded through loans by NABARD[55] under RIDF[56] Tranche XIX and Tranche XX. This project was for reconstruction of those hospital buildings which were dilapidated and unserviceable. Audit analysed the reconstruction project (₹ 14.94 crore) of 45 VHs funded under RIDF-Tranche XX[57]. The decision for reconstruction of these 45 VHs was taken in April 2014 and was to be scheduled in 2014-15 but the construction works started in May 2016 after releasing of funds to executing agency. There were substantial delays in project formulation and implementation as shown in **Chart 3.1.1**.

Chart 3.1.1: Reconstruction of 45 VHs – delays in project formulation



Also, in six[58] out of the 45 VHs, the selection of hospitals initially proposed by the offices of district CVO was faulty as detailed surveys were not conducted before sending the list to higher authorities. After finalisation of the list, the offices of CVO of Ballia and Lakhimpur Kheri informed the Department that the selected hospitals for reconstruction were in good condition and not

[55] National Bank for Agriculture and Rural Development
[56] Rural Infrastructure Development Fund
[57] The project formulation and construction of 45 VHs coincided with the audit period (2014-19)
[58] Two sites in Ballia, one site each in Mau, Hardoi, Fatehpur and Lakhimpur Kheri

declared condemned while the offices of CVO of Mau, Hardoi and Fatehpur intimated that selected sites were in dispute and construction works at these sites were not possible. Thus, laxity in project formulation was observed at all levels of governance.

The Government informed (March 2020) that 41 out of the 45 referred hospitals had been completed and only four hospital buildings were in progress due to site related issues. However, documents in respect of completion and handing over of the completed buildings were not provided and no specific replies were given regarding the substantial delays in the project formulation process.

3.1.6.6 Multipurpose Mobile Veterinary Services (Mobile clinics)

Multipurpose mobile veterinary services (mobile clinics) were started in 2016-17 in 774 blocks of 68 districts[59] of Uttar Pradesh with a view to provide treatment services to livestock owners in remote rural areas, beside other veterinary services, viz., artificial insemination, vaccination, sterility prevention, etc. The guidelines for mobile clinics (September 2016) also prescribed the list of equipment ***(Appendix-3.1.4)*** and human resources – one Veterinary Officer, one Livestock Extension Officer or Pharmacist and one or two para-veterinarians for the mobile clinic vehicles.

Scrutiny of records revealed that none of the 105 mobile clinics available in the test-checked districts were provisioned with the prescribed equipment. Further, the Directorate did not take action in this regard nor did the CVOs formulate any demands for the requisite equipment to the Directorate. Similarly, no separate sanction of human resources was made for these mobile clinics. Further, the functional status of mobile clinics could not be ascertained as no records were made available to audit pertaining to the days for which the mobile clinics functioned against the requirement of 20 days in a month.

The CVOs in their reply, without producing any supporting documents, stated (June/July 2019) that the mobile clinics were operational for the mandated days with the help of equipment and human resources of the Veterinary Hospitals. Even if the CVOs contention is accepted, it can be plausibly concluded that on the days the mobile clinics operated, the concerned hospitals were, in effect, rendered more or less non-functional.

The Government accepted (March 2020) that due to non-sanction of posts for mobile clinics, the available veterinarians and staff at hospitals and veterinary centers were providing services.

3.1.6.7 Institute of Veterinary Biologicals

The only Vaccine Production Unit of the State Government – Institute of Veterinary Biologicals (IVB) at Lucknow – was producing eight types of vaccines[60] for protection against various animal diseases for the use of the Department only. Audit observed that production of these vaccines, which ranged from 228.49 lakh dosages to 250.15 lakh dosages during 2014-15 to 2018-19, was stopped in October 2018. The IVB was found to be functioning

[59] In seven districts of Bundelkhand region, the mobile clinics were running since 2010-11.
[60] HS Alum, Black Quarter, Enterotoxaemia, TC Sheep Pox, Fowl Pox, Swine Fever, RD (R2B), RDF-1.

without license in a joint inspection (October 2018) by Central Drugs Standard Control Organisation (CDSCO)[61], GoI and Food Security and Drug Administration, Lucknow and thus, the Unit was ordered to be closed till the license was obtained.

The Government stated (March 2020) that on account of not having a license as well as Good Manufacturing Practice (GMP) Compliance, the Central Government authorities ordered production of vaccines to be halted. Further, to make the Unit GMP compliant, a DPR had been prepared and was under process of sanction by the Government. It was also stated that due to non-production of vaccines, the Department had to spent huge sum of moneys on purchase of vaccines. However, the Department did not provide the details of expenditure on vaccine procurement despite assurance during the exit conference.

3.1.7 National Animal Disease Reporting System

National Animal Disease Reporting System (NADRS), which is a Government of India scheme, was implemented in Uttar Pradesh since the year 2010-11. It is a platform for reporting data related to occurrence of 143 animal diseases from the block-level veterinary units with a view to enable their early control, which will result in improving the livestock health in the country.

NADRS involved a computerised network, linking all blocks, districts and the State Headquarters with the Central Project Monitoring Unit in the Department of Animal Husbandry and Dairying, GoI at New Delhi. Veterinary centres were required to enter all data relating to animal diseases and vaccinations and the State Level Authorities were to monitor and collate these data. To make the scheme functional, GoI supplied 893 computer systems, valuing ₹ 8.41 crore in February and March 2011[62]. The systems were supplied to block level veterinary hospitals (820 computers), district headquarters (71 computers) and Directorate (two computers).

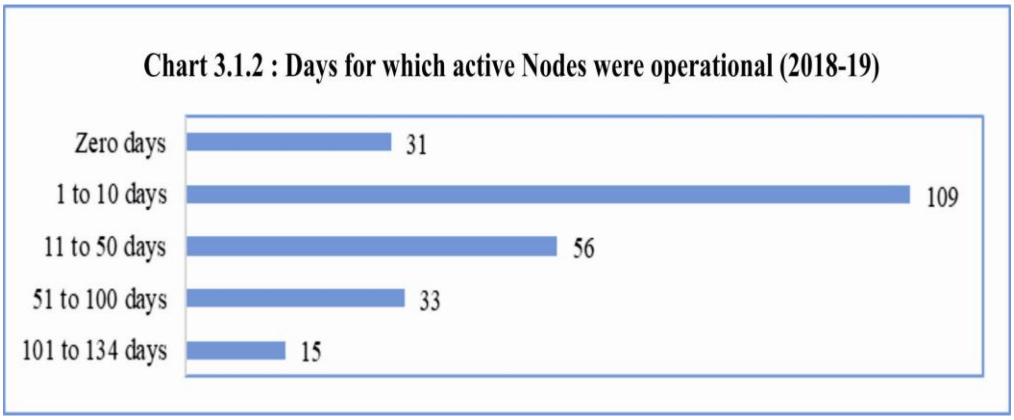
In the test-checked districts, out of 105 computer nodes for NADRS data entry, only 26 computer nodes (25 *per* cent) were active ranging from one to 38 days during 2018-19. The reasons for non-functional NADRS included unavailability of electricity and internet connection as well as want of an Annual Maintenance Contract. In the sampled districts, the number of veterinary hospitals with electricity and internet connections were only 160 and 13 hospitals respectively out of the total 270 hospitals[63].

Scrutiny of State level data also revealed that NADRS was almost non-functional in the State as negligible data was entered in the system. Out of 822 computer nodes to be used for data entry under NADRS, none of the nodes were active during the period from 2014-15 to 2017-18. During 2018-19, only

[61] Human and veterinary medicines in India are regulated by CDCSO.
[62] Cost of one computer system including printers, UPS, etc., was ₹ 94,216.
[63] Out of 278 VHs in test-check districts, records of electricity and internet connections were made available in respect of 270 VHs:

District	No. of hospitals	Electricity Connection	Internet Connection	District	No. of hospitals	Electricity Connection	Internet Connection
Barabanki	36	18	1	Saharanpur	36	32	11
Mathura	29	15	0	Agra	32	25	1
Maharajganj	31	11	0	Gonda	35	33	0
Hamirpur	18	17	0	Gorakhpur	53	9	0

244 computer nodes were active and the remaining 578 computer nodes were still inactive in the State. However, even the active computer nodes were not entering data[64] on a daily basis as shown in **Chart 3.1.2**.



(Source:https://nadrsapps.gov.in)

GoI launched a mobile version of NADRS for better coverage but it was also not functional as usage of mobile version was found in only four veterinary centres[65]. Due to non-functioning of the system, the basic objectives of NADRS were not fulfilled, thereby hampering evidence-based decision making pertaining to tackling animal diseases.

Department constituted (March 2013) a State Monitoring Unit under the chairmanship of Director, Animal Husbandry for monitoring the smooth running of the scheme. Similarly, at district level, a monitoring committee under the chairmanship of CVO was constituted. Both the State and District level committees were required to meet once a month to supervise and to make the system functional. However, audit observed poor monitoring of NADRS at both State and district levels as no records of any meetings conducted were available.

Thus, the efforts made by the Department to operationalise NADRS were negligible as evidenced by the fact that only 30 *per cent* nodes could be made active after a lapse of 8 years in 2018-19, that too intermittently for very few days coupled with virtually non-existent monitoring. Failure of the Department in this regard also rendered the expenditure on purchase of computer systems unfruitful.

The Government stated (March 2020) that due to non-availability of electricity and internet connections in many centers and other software issues, the functioning of NADRS was not satisfactory and now efforts were being made to improve the system and the field offices were being provided with mobile devices.

3.1.8 Construction of meat quality control laboratories

With a view to establish Meat Quality Control Laboratories at Aligarh and Meerut, the Animal Husbandry Department sent a proposal for ₹ 11.56 crore

[64] All veterinary hospitals and centres were expected to enter complete data of animal diseases and vaccinations for monitoring of animal diseases and to initiate preventive action on daily basis.

[65] Veterinary Hospitals of Murlichhapra in Ballia; Padrauna in Kushinagar; Nautanwa in Maharajganj and Patehra in Mirzapur.

in March 2011 to Agriculture and Processed Food Products and Export Development Authority (APEDA), Government of India. Department did not have any meat quality test laboratory and therefore, was relying upon the tests conducted in APEDA approved in-house laboratories of abattoirs. APEDA sanctioned both the laboratories for ₹ 9.96 crore and released ₹ 3.78 crore in March 2011. As per the MoUs signed between the Department and APEDA, the project was to be completed by March 2012. Laboratory buildings were completed in November 2015 but could not be commissioned for want of equipment and human resources.

Subsequently, APEDA withdrew from the projects in January 2017 due to delays of more than five years in completion of both projects. At the request (August 2017) of the Department, APEDA re-sanctioned (November 2017) the laboratory at Aligarh with a revised cost of ₹ 9.03 crore, of which ₹ 5.00 crore was to be borne by APEDA and remaining cost was to be borne by the Department. APEDA requested (August 2018) the Department to conduct a feasibility study. As per the techno-economic feasibility report (October 2018), the project was found to be economically not viable. In addition, there was absence of adequately trained staff to operate sophisticated equipment of the proposed laboratory.

Thus, without examining the viability of the meat quality control laboratories, the Department proceeded with their establishment at Aligarh and Meerut which resulted in unfruitful expenditure of ₹ 79.56 lakh on construction of buildings, while APEDA's share of ₹ 2.99 crore along with ₹ 1.13 crore on account of interest accrued was lying in the bank account. APEDA's share was still to be refunded and buildings were lying unutilised (March 2020).

The Government stated (March 2020) that after completing the buildings, procurement of equipment could not be done despite publishing several tender notices and, therefore, the laboratories could not be made functional. In the meantime, APEDA cancelled the project on the basis of techno-feasibility survey. It was also stated (May 2019) by the Government that the building at Aligarh had been proposed to be developed as a Satellite Sample Collection Centre for use by the Department.

The fact remains that projects were commenced without examining their feasibility. Further, as the testing of meat quality is not within the purview of Animal Husbandry Department[66], the establishment of meat quality test laboratories under it was itself questionable. As a result, expenditure of ₹ 79.56 lakh incurred on construction of buildings for setting up meat quality control laboratories at Aligarh and Meerut remained unfruitful.

3.1.9 Maintenance of veterinary infrastructure

In Uttar Pradesh, there were 10,363 veterinary institutions[67] like Veterinary Hospitals, Livestock Extension Centers, Artificial Insemination Centers, etc. Budget provision of ₹ 27.33 crore was made during 2014-19, out of which only ₹ 17.64 crore was utilised, as shown in **Table 3.1.8**.

[66] During exit conference, the State Government informed that the testing of meat quality was not under the purview of Animal Husbandry Department.

[67] Excluding Mobile Clinics

Table 3.1.8: Expenditure on Maintenance of veterinary infrastructure

(₹ in crore)

Year	Provision	Expenditure	Savings
2014-15	2.92	1.57	1.35
2015-16	5.28	4.22	1.06
2016-17	7.48	6.17	1.31
2017-18	7.28	2.99	4.29
2018-19	4.37	2.69	1.68
Total	27.33	17.64	9.69 (35%)

(Source: Directorate, Animal Husbandry)

Thus, on an average ₹ 3,400 was spent on maintenance of a veterinary center annually during the period from 2014-15 to 2018-19.

Out of 100 test-checked veterinary hospital buildings[68], only 17 were repaired/maintained during 2014-19. During joint physical verification of 16 VHs with Departmental officers, it was found that due to non-maintenance, most of the buildings were in shabby condition and were not fit to provide the required veterinary services, as evident from the following photographs:

Veterinary Hospital, Jagatbela, Gorakhpur (June, 2019)

Veterinary Hospital, Sadar, Saharanpur (July, 2019)

The Government stated (March 2020) in its reply that the Department had to maintain the veterinary infrastructure within the available budgetary support. It further stated that keeping in view large number of infrastructure, budgetary support needs to be increased so that all infrastructure could be maintained as per the maintenance cycle. The reply was not satisfactory as the Department could not utilise even the available budgetary support for maintenance of veterinary infrastructure since only 65 *per cent* of the allotted budget was utilized during 2014-15 to 2018-19.

3.1.10 Rainwater harvesting systems

As per the Government Order (April 2001), the Department was expected to ensure installation of rooftop rainwater harvesting system in all new and existing buildings. In this context, Audit observed that in none of the existing buildings, except for the newly constructed polyclinic buildings during 2014-19, provision of rainwater harvesting system was ensured by the Department, thus violating the Government Order for conservation and re-charging of ground water.

[68] Out of 109 test-checked VHs, only 100 units provided the data.

The Government stated (March 2020) that rainwater harvesting systems were installed in newly constructed polyclinic buildings and accepted the absence of such systems in the existing hospitals and other veterinary centers. However, the reply did not indicate any timelines for their installation.

3.1.11 Conclusion

The infrastructure related to animal husbandry in the State was insufficient as evident from the acute shortage of veterinary hospitals. State Government had targeted in September 2005 to provide one veterinary hospital for at least 15,000 livestock. However, the availability of veterinary hospitals in fact worsened from the status of one hospital for 22,758 cattle and buffaloes as per Animal Census 2012 to one hospital for 23,577 cattle and buffaloes as per Animal Census 2019. The situation was exacerbated by poor provisioning of human resources and equipment/facilities in veterinary hospitals, livestock extension centres and mobile clinics, thus showing markedly ineffective utilisation of the existing animal husbandry infrastructure. Most of the created infrastructure suffered from meagre maintenance efforts.

The Department was also lax in creation of new infrastructure as evident from the substantial delays observed in formulation and implementation of projects. Similarly, the Department was inattentive in availing the centrally sponsored schemes for infrastructure augmentation as project proposals were not sent to the Government of India under the National Livestock Mission, besides major portion of funds received from Government of India were surrendered due to non-utilisation.

3.1.12 Recommendations

- *The Department should conduct a baseline survey of the infrastructure available with it, so as to ensure efficient and effective preparation of a strategic plan for creation of animal husbandry infrastructure in the State.*

- *The Department should address the inadequacy of veterinary hospitals, including provisioning them with required resources, in a time bound manner.*

- *The Department should prepare annual action plans to augment the veterinary infrastructure in the State for livestock development. The Department should also ensure its readiness to avail centrally sponsored schemes for infrastructure augmentation.*

Public Works Department

3.2 Audit of Road works funded through State Road Fund

3.2.1 Introduction

To arrange financial resources for fulfilling the objectives enunciated in the Uttar Pradesh Road Development Policy 1998[26], the Government established a 'Road Fund' (RF) for maintenance of roads in 1998. Resources for this fund were arranged by imposing enhanced sales tax on diesel and motor spirit (petrol) from 16 to 20 *per cent* and from 14 to 20 *per cent* respectively. The additional amount so realised was to be assigned to RF to the extent considered appropriate by the Government. Though RF was abolished by the Government in March 2009, it was reinstated retrospectively from March 2009 as State Road Fund (SRF) in January 2013. Under Uttar Pradesh State Road Fund Rules, 2013 (UPSRF), expenditure for capital nature works[27] was also allowed in addition to the existing provisions for repair and maintenance of roads[28]. The Uttar Pradesh State Road Fund Management Committee, headed by the Public Works Department (PWD) Minister, was responsible for approving the works to be undertaken under SRF. PWD was nodal department for execution of road works.

PWD is headed by Principal Secretary at the Government level and Engineer-in-Chief (E-in-C) at the departmental level. For successful operation of various schemes by PWD, Zones headed by Chief Engineers (CEs) are established, which are divided into Circles headed by Superintending Engineers (SEs). Circles are further divided into Divisions, headed by Executive Engineers (EEs) who are directly responsible for execution of works.

3.2.1.1 Scope of Audit

During 2014-15 to 2018-19, ₹ 17,128 crore was disbursed from SRF, which constituted 21 *per cent* of total expenditure[29] on the development and maintenance of roads and bridges in the State. The objectives of the compliance audit of 'road works funded through SRF' were to assess whether:

- adequate planning for identification and prioritisation of roads was in place for road works funded through SRF,
- estimates for road works were prepared in a cost-effective manner based on accurate road data,
- tendering process and award of work was transparent ensuring competitive bidding process, and

[26] 'Uttar Pradesh Road Development Policy 1998' defined the strategy of State Government for the development of roads in the future keeping in view the need for all-round development of the State. The envisaged objectives of the policy were to keep the roads free of potholes and patches, to maintain and modernise roads in the State, to construct and reconstruct bridges, rail overhead/under bridges and flyovers in the State, to ensure quality in construction and maintenance of roads, to bring organisational and procedural improvements in the Public Works Department (PWD), to conserve environment, etc. PWD was designated as the nodal department for all road related works.

[27] Construction, Reconstruction, Widening and strengthening work under Major Head (MH) 5054- Capital Expenditure on Roads and Bridges.

[28] Under Major Head 3054 – Roads and Bridges.

[29] Total expenditure on roads and bridges (MH 3054 and MH 5054) was ₹ 82,820 crore during 2014-19.

- compliance with terms & conditions of contract was ensured for timely completion of quality road work.

An Entry Conference was held (August 2019) with the Government to discuss the audit objectives, criteria, scope and methodology, etc., for the compliance audit. Records relating to the development of roads under SRF were test-checked for the period 2014-19 in eight sampled districts[30]. Taking all 22 PWD divisions in eight sampled districts for detailed scrutiny of records, 223 contracts in 212 works for repair, maintenance, construction, widening and strengthening of roads executed under SRF during 2014-19 were audited. Data and information in respect of SRF were collected from the offices of Principal Secretary (PWD), E-in-C and concerned seven zones and eight circles.

The draft audit findings were discussed (October 2020) with the Government in the Exit conference and replies received from the Government were incorporated suitably in the report.

Audit Findings

3.2.2 Absence of norms for selection of road works under SRF

UP Road Development Policy (1998) envisaged that a computerised data bank of every road consisting of details of width, crust thickness, composition of crust, properties of soil in subgrade, details of culverts, bridges, traffic density in terms of passenger car unit and commercial vehicle per day, number of road accidents, etc. would be created and a computerised Management Information System (MIS) would be developed to implement the construction and maintenance of works in a planned manner.

Audit noted that PWD had developed (2015-16) a web-based system *'Srishti'* for digitisation of road data. However, the test-checked divisions had filled in only some details of roads such as category of road, name of road, length, width, crust thickness, type of top surface, etc., but other crucial details such as period of last construction/maintenance, California Bearing Ratio[31] (CBR) value of soil, traffic density, culverts, bridges and road accidents were not maintained on *'Srishti'* as of August 2019.

Audit also observed that there were several other schemes[32] under which widening and strengthening, construction, re-construction, repair/renewal/ maintenance of roads were also sanctioned. However, specific criteria under which a particular work under SRF would be selected were not prescribed.

The State Government stated (October 2020) that details of culverts, bridges and roads were being updated in the data bank in a phased manner. The Government further stated that road works for new construction, reconstruction, widening, strengthening and repair were sanctioned from SRF as per UPSRF Rules. However, the Government did not respond to the audit observation regarding absence of specific criteria to be adopted for selection of a particular road work under SRF.

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[30] Azamgarh, Banda, Barabanki, Bijnore, Meerut, Moradabad, Pratapgarh, and Varanasi

[31] California Bearing Ratio (CBR) of soil is a measure of load bearing of soil and it is used to decide thickness of road.

[32] Rajya Yojana, Central Road Fund, *Vyapar Vikas Nidhi*, etc.

During the Exit Conference (October 2020), the Government stated that some works pertaining to construction, reconstruction, widening, strengthening and repair were sanctioned from SRF because of limited financial resources made available through the State budget. The reply confirms lack of norms and criteria for selection of roads under SRF.

3.2.3 Strategic and annual planning for works under SRF

UPSRF Rules, 2013 provided that the operation of SRF was to be managed by 'Uttar Pradesh State Road Fund Management Committee' (UPSRFMC). All rights relating to the determination of criteria/work plan and items for the utilisation of this fund were vested in the Committee. Administrative and financial sanction of the works would be issued by the administrative department after scrutiny and approval of the proposals by the Project Formulation and Appraisal Division/Expenditure Finance Committee and subsequent approval by UPSRFMC.

Examination of records, agenda of meetings and minutes of meetings of UPSRFMC disclosed that the Committee approved the work plans at the beginning of every financial year. However, approved work plans contained only lump-sum costs approved for the year under revenue and capital heads without providing details of works sanctioned. UPSRFMC authorised the Chairman to issue work-wise financial sanction against approved work plans.

Audit further observed that the Department did not prepare a strategic plan to assess the total number of works to be executed, availability/requirement of funds, priority in sanctions and works to be kept in the pipeline[33], etc. As such details[34] were not maintained by the Department, the works were sanctioned in an *ad-hoc* manner.

The State Government stated (October 2020) that the works relating to renewal of road were sanctioned on the basis of proposals received from field offices according to renewal cycles of these roads. However, Government did not provide a specific reply regarding absence of details of works sanctioned in the approved work plan and non-preparation of strategic plan.

During the exit conference (October 2020), the Government assured that issues highlighted by audit would be considered in preparation of annual work plan in future.

3.2.4 Delay in release of funds for sanctioned works

SRF is kept in Public Account as Reserve Funds not bearing interest under the head of account '8225-Roads and Bridges Fund'. Expenditure for SRF works is incurred by making budgetary provision under Grant No. 58 – Public Works Department (Communications–Roads). At the end of the financial year, total expenditure incurred on SRF works against budgeted provision is debited to SRF head of account (8225-02-101-01) and credited as recoveries under

[33] Works which could not be sanctioned during the year due to limited fund resources.
[34] Details regarding proposals received from the field offices, proposals sent to the Government for sanction and works kept in pipeline.

Grant No. 58. The receipts and disbursements under SRF during 2014-19 was as given in **Table 3.2.1**.

Table 3.2.1: Receipt and disbursements under State Road Fund

(₹ in crore)

Year	Opening Balance	Receipt	Total available funds	Disbursement	Closing Balance
2014-15	2,157.45	2,800.00	4,957.45	5,279.18	(-) 321.73
2015-16	(-) 321.73	2,500.00	2,178.27	2,499.73	(-) 321.46
2016-17	(-) 321.46	4,400.00	4,078.54	4,400.00	(-) 321.46
2017-18	(-) 321.46	2,000.00	1,678.54	2,000.00	(-) 321.46
2018-19	(-) 321.46	3,000.00	2,678.54	2,949.53	(-) 270.99

(Source: Information collected from Finances Accounts of respective years)

As per UP Road Development Policy 1998, sanction of works and funds required were to be provided in the first quarter of the financial year for ensuring financial discipline. Further, the full amount for work sanctioned by the administrative department was to be released as far as possible to avoid time and cost overrun.

Scrutiny of records of the test-checked divisions revealed that funds for road works sanctioned under SRF were not released timely at one go. Contracts were signed for execution of 212 sampled works with a stipulated completion schedule of one to 24 months but funds for 106 works were released over a duration of two to seven years from their sanction. Further, out of these 212 works, 110 works pertaining to annual maintenance/renewal were required to be completed in the same financial year but funds for 45 such works were also released over a duration of two to three years. Also, the timelines for completion of works and the schedule of release of funds were neither mentioned in the proposals sent for approval nor in the sanctions. Details of delayed release of funds for the test-checked works are given in **Table 3.2.2**.

Table 3.2.2: Delay in release of funds

Scheduled Completion timeline as per contract	No. of works	Cost of works (₹ in crore)	No. of years over which funds released
1 to 6 months	61	182.01	2 to 3 years
7 to 12 months	42	670.07	2 to 7 years
13 to 18 months	2	54.86	3 to 5 years
More than 18 months	1	49.21	5 years
Total	**106**	**956.15**	**2 to 7 years**

(Source: Information collected from divisions)

The Government stated (October, 2020) that in many cases, allotment of funds at one go was not possible in view of unavailability of budget and importance of work and conditions of the work site like land dispute.

The reply was not acceptable, as sanction of works should be based on proper planning, assessment of required fund and availability of funds. Further, it was the responsibility of PWD to remove impediments in construction including land disputes prior to taking up the work.

3.2.5 Faulty estimates due to use of incorrect technical parameters

Estimates for road works in PWD are prepared as per IRC norms and instructions issued by Government/E-in-C. To assess the need for widening and strengthening of existing roads, accurate calculation of values of Passenger Car Unit (PCU)[35], Million Standard Axle (MSA)[36] based on traffic census data and CBR were required to determine the warranted widening and crust thickness. Audit observed that the preparation of estimates, in violation of IRC norms and departmental instructions led to avoidable/excess expenditure:

3.2.5.1 Avoidable expenditure

Audit noticed following cases of avoidable expenditure:

(I) As per the policy (December 2003) of the State Government for the widening of roads, roads having PCU of more than 10,000 would be of two lanes (7.00 metre carriageway), roads having PCU of 5,000 to 10,000 would be widened to intermediate lane (5.50 metre carriageway) and road having PCU of less than 5000 would be single lane (3.75 metre carriageway).

(a) Scrutiny of records of Provincial Division (PD), Banda revealed that the Government sanctioned (February 2010) ₹ 13.84 crore for the widening of Baberu Tindwari road to 7.00 metre[37]. Audit further noted that the PCU of road was incorrectly determined as 10,009 in the estimate owing to non-application of equivalency factor for various types of vehicles counted during traffic census. As per prescribed equivalency factor, the actual PCU of this road was only 6,915 and therefore, the road was eligible for widening to intermediate lane (5.50 metre carriageway). Thus, the incorrect computation of PCU led to sanction of widening of road to 7.00 m instead of 5.50 m resulting in avoidable expenditure of ₹ 3.54 crore[38] as of October 2016 (13th Running Account Bill). Audit further noted that no further progress[39] was made in the work (August 2019) due to unavailability of fund.

The Government stated (October 2020) that as per traffic census conducted in March 2016, PCU of the road was 11,207 and as per minutes of meeting (December 2017) of high level technical committee of Chief Engineers, the requirement of PCU for two lane roads was 6,000.

The reply was not acceptable, as the traffic census of March 2016 and the policy decision taken in December 2017 regarding requirement of PCU for deciding the width of roads would not apply on the estimate sanctioned in February 2010. The PCU of the road was only 6,915 when the work was sanctioned in February 2010. As such, the road was not eligible to be widened to two lanes.

(b) Scrutiny of records of PD, Moradabad revealed that the Government sanctioned (December 2011) ₹ 22.29 crore for widening and strengthening of

[35] Passenger Car Unit is the number of all type of vehicular traffic moving on a road calculated in terms of equivalent number of passenger cars. As per IRC 73:1980, the equivalent value of different vehicles i.e. Motorcycle, Car, Bus, Truck etc. are 0.5, 1, 3 and 3 respectively.

[36] Million Standard Axle is an indicator of traffic load on a road.

[37] Chainage Km 0.500 to 19.100 and chainage Km19.100 to 19.520 were to be widened from 3.00 m and 5.50 m to 7.00 m respectively.

[38] Contract bond (no. 06/SE/10-11) of ₹ 12.69 crore was executed for this road and as of August 2019, ₹ 9.93 crore had been paid to the contractor on GSB, WMM, BM and SDBC works for widening of road (by 4 metre) up to chainage 16 km, incurring avoidable expenditure of ₹ 3.54 crore : (₹ 9.93 crore x 1.5/4) = ₹ 3.72 crore – 4.9 *per cent* below to departmental rate (as per contract).

[39] The scheduled date of completion was 10.06.2011 and the contract was also in force.

Haridwari Marg (Kanwad Path) from km 0.00 to Km 23.250. The width of this road was 3.00 metre to 3.75 metre, which was proposed to be widened to 5.50 metre. The work was completed in September 2016 against completion schedule of September 2013.

Audit noted that no traffic census was carried out for preparation of estimates for widening and strengthening of the road. The proposal for widening and strengthening of the road was based on 25 *per cent* traffic load (PCU 3524 and Commercial Vehicle Per Day 655) of a road parallel[40] to it. In view of estimated PCU of 3524 for this road, the road was to be kept as single lane (3.75 metre carriageway), however, PD Moradabad proposed to widen the road to intermediate lane (5.50 metre carriageway). Due to sanction of widening work on incorrect proposal, an avoidable expenditure of ₹ 7.98 crore[41] was incurred on earthwork, sub-grade, sub-base and base course work on the widened portion (1.75 metre) of the road.

The Government accepted (October, 2020) that the widening and strengthening of *Haridwari Marg (Kanwad Path)* was envisaged by taking 25 *per cent* traffic density *of Moradabad-Haridwar-Dehradun* road. However, no reply was furnished for widening of the road to intermediate lane despite it not being eligible for widening.

(II) Paragraph 6.4.1 of IRC: 73-1980 prescribes that per lane width of a multi-lane road should be 3.5 metre. As such, the width of a four-lane road should be 14 metre.

Scrutiny of the records of Construction Division (CD)-2, PWD Banda revealed that the Government sanctioned (June 2009) ₹ 34.03 crore for the widening of Banda-Bahraich road (State Highway-13) from km 301 to 311 from two to four lanes. Technical sanction of ₹ 29.24 crore was accorded by Jhansi zone in January 2010. For the execution of the work, a contract[42] was executed (January 2010) by Banda circle, Banda. The work was scheduled to be completed in October 2010 but was actually completed in December 2014.

Further scrutiny of the records of PD, PWD Banda revealed that the Government sanctioned (October 2011) ₹ 33.00 crore for strengthening of Banda-Bahraich road (State Highway-13) from km 311 to 320. Technical sanction of the same amount was accorded by Jhansi zone in November 2011. A contract[43] was executed (December 2011) for the work by Banda circle, Banda. The work was in progress and 96 *per cent* work had been completed (March 2019) against the completion schedule of December 2012.

Audit noted that both roads were widened/strengthened to 15 metre instead of 14 metre, as prescribed in IRC:73-1980. The construction in extra width (1 metre) resulted in avoidable expenditure of ₹ 1.44 crore on construction of

[40] Moradabad-Haridwar- Dehradun (SH-49).

[41] Out of total expenditure of ₹ 17.85 crore on granular sub-base (GSB), wet mixed macadam (WMM), prime coat, tack coat, bituminous concrete (BC) and Semi dense bituminous concrete (SDBC), expenditure of ₹ 9.87 crore was incurred on construction of single carriageway (3.75 m); avoidable expenditure: ₹ 17.85 crore - ₹ 9.87 crore = ₹ 7.98 crore.

[42] Contract Bond No. 11/SE/09-10 dated 30.01.2010 for ₹ 19.07 crore.

[43] Contract Bond No. 42/SE/11-12 dated 02.12.2011 for ₹ 20.95 crore.

road[44] from km 301 to 311 and ₹ 82.27 lakh on strengthening of road from km 317 to 320 of Banda-Bahraich road[45] (State Highway-13).

The CD-2, PWD Banda and PD, PWD Banda stated (October 2020) that the provision of divider was not sanctioned in the estimate of the road, however, for safety of traffic, provision of divider was unavoidable and thus, painted road was constructed in place of the divider. After construction of divider, the width of the road would be only 14 metre.

The reply was not acceptable, as the road should have been widened to 14 metre as prescribed under IRC:73-1980 guidelines. In this context, the Government stated (October 2020) that it disagreed with the contention of both Divisions (CD-2 and PD PWD Banda).

3.2.5.2 Excess expenditure due to non-use/improper use of Stabilisation Technique

E-in-C instructed (March 2018) that all such works which were in progress and had been sanctioned on conventional method for pavement design, would be implemented using stabilisation technique and revised technical sanction from competent authority should be obtained. It was envisaged that the use of stabilisation technique would result in savings to the State Government and construction would be environment friendly.

Table 3.2.3: Case of non-use/improper use of Stabilisation Technique

Case	Audit Observation
Scrutiny of records of EE, PD & CD Building, Varanasi and CD Building, Meerut revealed that the Government sanctioned (2017-18) four works[46] of ₹ 141.59 crore. Technical sanction to the works was accorded by concerned CEs between January 2018 and June 2018 and contracts for these works were executed during January 2018 and July 2018. The works were to be completed between January 2019 and March 2019; however, the works were in progress as of July 2019.	Audit noted that the required crust for two road works[47] was designed using conventional method, though the contracts for these works were executed[48] after issuance of E-in-C's instructions for using stabilisation technique. In view of E-in-C's instructions (March 2018), it was required to redesign the crust by using IIT Pave software and obtain revised sanction. But the crust was not redesigned and the execution of works continued based on original sanction, resulting in an excess expenditure of ₹ 2.11 crore incurred on these two works **(*Appendix-3.2.1*)**. Audit further noted that though the crust of two other works[49] was designed by applying stabilisation technique using IITPAVE software, the crust thickness included in the estimate was more than required **(*Appendix-3.2.1*)** which resulted in an excess expenditure of ₹ 43.22 lakh on these works. Thus, a total excess expenditure of ₹ 2.54 crore was incurred due to excess crust design and non-adherence to instructions issued by the E-in-C. The Government stated (October 2020) that three works in Varanasi were designed as per IITPAVE whereas administrative approval/financial sanction and technical sanction of works in Meerut were issued prior to the E-in-C order issued in March 2018. The reply was not acceptable as out of three works in Varanasi, two works were designed as per IITPAVE, design of which was faulty whereas the other work was designed on the conventional method. Further, works relating to Meerut was required to be redesigned in compliance with the E-in-C orders to minimise the cost.

[44] On execution of GSB, WMM, prime coat, tack coat, BC and SDBC works for extra width (1 metre).

[45] On execution of WMM and Plain Cement Concrete (PCC works) on the widened portion (1 metre) of the road up to March 2019 (25th Running Account Bill).

[46] (1) Widening, interlocking, drainage, surface dressing work of Ashapur to Musium road (ODR), (0.000 to 2.100) (2) Widening and strengthening of Bhojubir Sindhora road Bhojubir to ring road (Km 0.000 to 2.055), (3) Widening and strengthening of Panchkoshi Parikrama road (Km 36.559 to 40.559 and 40.969 to 48.959), (4) Widening and strengthening of Jwalagarh to Rardhana, Maumin, Faridpur through Khera up to Rardhana Bridge.

[47] (1) Widening and strengthening of Panchkoshi Parikrama road (Km 36.559 to 40.559 and 40.969 to 48.959), (2) widening and strengthening of Jwalagarh to Rardhana, Maumin, Faridpur through Khera up to Rardhana Bridge.

[48] One work - Widening and strengthening of Jwalagarh to Rardhana, Maumin, Faridpur through Khera up to Rardhana Bridge work was under progress at the time of issue of E-in-C order in March 2018.

[49] (1) Widening, interlocking, drainage, surface dressing work of Ashapur to Musium road (ODR), (0.000 to 2.100) (2) Widening and strengthening of Bhojubir Sindhora road Bhojubir to ring road Nagar Nigam portion (Km 0.000 to 2.055).

3.2.6 Delay in granting technical sanctions

E-in-C directed (January 2002) to ensure that the Technical Sanction (TS) to the detailed estimates is accorded within 15 days, 30 days and 45 days by EEs, SEs and CEs respectively after accord of administrative approval and financial sanction. Scrutiny of records revealed that out of 212 test-checked works, TS to 61 works of ₹ 681.11 crore was accorded by the sanctioning authorities with delays ranging between 17 and 594 days during 2014-19 (***Appendix-3.2.2***).

The Government accepted (October 2020) the fact and attributed the delays in according TS to actual calculation of quantities and items given in the estimates by applying measures like detailed survey, traffic census, crust chart, etc. The Government, however, assured that instructions were being issued to expedite the issuance of technical sanctions.

3.2.7 Contract management

3.2.7.1 Invitation of tenders before approval of detailed estimates

Paragraph 328 of Financial Handbook Volume-VI provides that on receipt of the administrative approval, detailed estimates should be prepared for its technical sanction (TS) by the competent authority. TS gives guarantee of a structurally sound and accurately calculated proposal. Further, office of E-in-C directed (September 1999) that Notice Inviting Tender (NIT) should be issued only when TS was accorded by the competent authority. E-in-C also directed (April 2004) that NITs should be published only after finalisation of bill of quantities (BOQs).

Scrutiny of records of sampled districts revealed that out of 212 test-checked works for ₹ 1,549.06 crore, tenders for 169 works costing ₹ 1,213.34 crore were invited before technical sanction of detailed estimates, which ranged up to 280 days. Further, out of these 169 works, tenders for 81 works of ₹ 520.46 crore were also invited one to 278 days prior to the administrative approval of works (***Appendix-3.2.3***).

Audit further noted that the financial bids of 99 contracts worth ₹ 675.81 crore were opened two to 291 days prior to the date of accord of technical sanction. Since BOQ was not approved by the competent authority, in these cases opening of financial bids was irregular (***Appendix-3.2.4***).

The Government stated (October, 2020) that in compliance with the orders of the higher authorities from time to time, tenders were invited in anticipation of administrative approval and financial sanction, but contracts were normally executed after issuing administrative approval and financial sanction.

The reply was not acceptable, as inviting of tender before administrative approval and technical sanction of such large number of works not only vitiated the tenets of transparency in contract management but was also indicative of the fact that department adopted this as a common practice.

3.2.7.2 Short term tenders

Financial rules[50] prescribe that the time for submission of tenders should be at least one month after the date of the first advertisement. The Government also

[50] Paragraph 360 (2) of the Financial Hand Book Vol. VI

directed (December 2000) that generally bids would be invited giving minimum 30 days' notice. Further, Central Vigilance Commission (CVC) guidelines[51] suggest that if adequate time is not given for publication of tender, it could restrict competition.

Audit noted that out of 212 test-checked works, bids for 119 works (56 *per cent*) of ₹ 681.52 crore were invited by giving tender notices of short periods ranging between four and 21 days only. However, the contracts for 64 works of ₹ 370.62 crore were executed after two months from the date of invitation of bids, though the tenders for these works were invited on short-term notices (***Appendix-3.2.5***).

The Government stated (October 2020) that though the tenders were invited on short term basis but competitive bids were received and contracts were also executed below the departmental rates.

The reply was not acceptable, as there is no justification for short term notices for inviting tenders. Further, in the absence of sufficient notice, it cannot be vouched if bids received were competitive.

3.2.7.3 Restrictive conditions in NIT

E-in-C directed (November 2010) that conditions of NITs would not be changed in any circumstances. The order, further, stated that the changes in clause of the Model Bidding Document (MBD)[52] would be treated as financial misconduct and concerned officers should be held responsible. CVC guidelines[53] also state that if eligibility/prequalifying criteria are made very stringent, it may restrict the numbers of intending bidders.

Audit noted that tenders were invited for 15 works of ₹ 115.73 crore by including a condition that bidders should have own hot mix plant (HMP). Further, a condition of installation of HMP within 50 km of the work site was also included in the NITs of four works of ₹ 57.27 crore (***Appendix-3.2.6***). As the MBD only prescribes that each bidder must demonstrate the availability of the owned/hired or leased key equipment, adding such condition in the bids restricted the scope of competition. Thus, the concerned EEs/SEs did not adhere to E-in-C order of 2010.

The Government stated (October 2020) that terms and conditions given in MBD were to be followed while inviting tenders. It further, justified the addition of provision with regard to hot mix plant on the ground that it was necessary to ensure quality of road work.

The reply was not acceptable, as the inclusion of a new clause regarding ownership of HMP in the NIT was in deviation of MBD which was to be followed while inviting tenders. Further, it restricted the bidders from participation by adding specific conditions suitable for a category of bidders having their own HMP.

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[51] Para 7.1.1 of Preventive Vigilance Publication (2002) of Central Vigilance Commission.

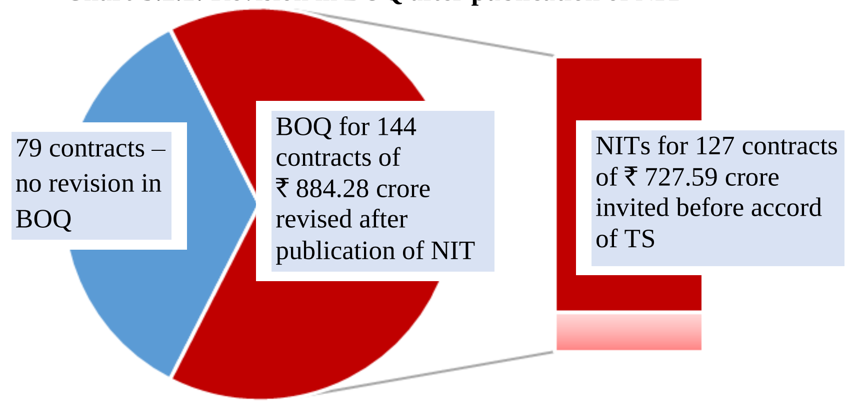
[52] The State Government introduced (January 2007) three model bidding documents, viz., PWD T-1 (for construction works with a value of less than ₹ 40 lakh), PWD T-2 (for construction works with a value of more than ₹ 40 lakh) and PWD T-3 (for the supply of materials), which was to be used for tenders to be invited by PWD in future after issuance of Government order dated 5 January 2007.

[53] Para 6.1.3 of Preventive Vigilance Publication of Central Vigilance Commission.

3.2.7.4 Revision of bill of quantities

Scrutiny of records revealed that bill of quantities (BOQ) of 144 out of 223 test-checked contracts[54] were revised after publication of NIT (***Chart 3.2.1*** and ***Appendix-3.2.7***). Further, fresh NITs were not invited in these cases and contracts were awarded based on original NITs. The award of works without inviting fresh tenders was not proper and deprived bidders of the opportunity to submit bids according to the changed scope of work.

Chart-3.2.1: Revision in BOQ after publication of NIT



Audit further noted that due to change in cost of works (BOQ), the category of contractors[55] eligible for bidding was changed in 10 works of ₹ 17.09 crore (***Appendix-3.2.8***). Thus, the publication of fresh NITs was required to provide an opportunity to all eligible contractors because of the revision of BOQ. However, fresh NITs were not published and contracts were finalised based on original NITs. Thus, eligible contractors were deprived of participating in the bidding process of works of ₹ 17.09 crore. It was also a violation of the CVC guidelines (July 2003) directing that the pre-qualification criteria should be made explicit at the time of inviting tenders so that basic concept of transparency and interests of equity and fairness are satisfied.

The Government stated (October 2020) that tenders were invited on percentage rate bid and revision of BOQ due to changes in the quantities of items as per site requirements neither affected evaluation of bids nor resulted in any loss to the Government.

The reply was not acceptable as the cost of works (BOQ) was revised after inviting the tenders and the category of eligible contractors also changed for which fresh NITs was required to provide an opportunity to all eligible contractors. Further, revision in BOQ was made in 65 *per cent* cases which indicates that it was done routinely by the department.

3.2.7.5 Deficient technical evaluation

MBD[56] provides that financial bids of only those bidders shall be opened who are declared technically qualified in the evaluation of technical bids. Further, PWD directed (June 2017) that in cases of participation of partnership firms,

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[54] 223 contract bonds were executed against 212 works.
[55] Category A – Unlimited, Category B – ₹ 2 crore, Category C – ₹ 75 lakh, Category D – ₹ 40 lakh.
[56] T-2 for contracts of more than ₹ 40 lakh.

the solvency certificate in the name of the firm only should be treated as valid. However, out of 21 contracts executed with the partnership firms after June 2017, 15 contracts of ₹ 101.20 crore were executed on the production of solvency certificates issued in the name of the partners of the firms (***Appendix-3.2.9***).

The Government stated (October 2020) that instruction was being issued for strict compliance with the norms.

3.2.7.6 Negotiation with bidders

Chief Engineer, PWD directed (November 1965) that negotiation should be resorted to only when for one reason or the other, it is not possible to invite fresh tender for the work. Further, the officer shall invariably record in detail the reason(s) for not inviting fresh tender and a quarterly statement of such cases was to be put up to the higher authority for examination. Further, E-in-C directed (June 2005) that savings on account of contracts executed on lower rates would be surrendered.

Scrutiny of records of the test-checked divisions revealed that negotiations for 105 contracts of ₹ 770.75 crore were done with the contractors after the opening of financial bids and the rates quoted in the bids were reduced from 0.10 *per cent* to 37 *per cent* by the bidders during negotiation (***Appendix-3.2.10***). However, audit did not find on record reason(s) for not inviting fresh tenders in any of the contracts as well as any quarterly statements of such cases sent to the higher authority. Further, neither the records nor information of savings accounted for on the works due to execution of contracts on lower rates was provided to audit by the divisions.

The Government stated (October 2020) that audit had quoted a very old order (1965) when tenders were invited on item rates. Presently, rates from bidders were invited on percentage rate and departmental rates were already specified in BOQs which was known to contractors.

The reply was not acceptable in view of the extant orders and instructions of PWD which discourage negotiations with tenderers. Further, Para 3.4 of the UP Procurement Manual 2016 (Procurement of Goods) had also envisaged that negotiations with tenderers must be severely discouraged and in exceptional circumstances, where price negotiations were considered unavoidable, the same may be resorted to after duly recording the reasons for such action.

3.2.7.7 e-Tendering

To ensure transparency in the award of works, E-in-C directed (June 2014) that with effect from 01 August 2014, tenders for works of more than ₹ one crore would be received only through e-Tendering.

Audit observed that tenders for 130 contracts of ₹ 593.54 crore were invited through e-tender during August 2014 and March 2019. However, in more than 78 *per cent* of the contracts (***Appendix-3.2.11***), submission of documents like security deposit, solvency certificate, affidavit, etc. were accepted manually.

Thus, the Department stymied its directions of June 2014 and the eventual goal of ensuring transparency in works through e-tendering could not be achieved.

The Government stated (October 2020) that e-tendering had been adopted for works of more than ₹ 10 lakh. Further, the department had done away with the submission of bid security in physical form in light of the Government order issued in September 2017.

The reply was not acceptable as bid securities were received in physical forms in 25 out of 48 contracts executed on the basis of NITs published after Government orders of September 2017.

3.2.7.8 Delays in execution of contracts

E-in-C directed (December 2005) that contracts would be executed within 22 days from the date of opening of tender. Further, financial rules and Government orders prescribed for invitation of tender giving 30 days' notice. Thus, contracts should be executed within 52 days (rounded to two months) from the date of NIT.

Test check of records revealed that the timeline prescribed (two months) for execution of contracts was not followed in 127 contracts of ₹ 767.52 crore as these contracts were entered into with a delay of up to 268 days (***Appendix-3.2.12***).

The Government stated (October 2020) that delay in execution of contracts was due to time taken in verification of documents submitted by bidders. The reply is not acceptable as the timeline for execution of contracts prescribed by the E-in-C was not adhered to in 57 *per cent* of works indicating that this was part of general practice of the department.

3.2.7.9 Undue benefit to contractors

- ***Advances to contractors***

Audit noted following irregular equipment and secured advances paid to contractors:

Table 3.2.4: Irregular advances to contractors

Criteria	Audit Observation
Equipment advance	
MBD allowed for payment of interest-free equipment advance up to a maximum of 10 *per cent* of the contract value for the purchase of equipment required especially for the execution of the work. The contractor was to demonstrate that the advance payment had	Scrutiny of records of the test-checked divisions revealed that though equipment advances of ₹ 22.36 crore were paid to contractors against 14 contracts during 2014-19, the invoices/evidence for advances of ₹ 20.76 crore were not obtained from contractors to prove that equipment advances were utilised for purchase of equipment for the specific works (***Appendix-3.2.13***). This indicated that divisional officers failed to ensure that advances were utilised for the intended purposes. The Government stated (October 2020) that most of the divisions had obtained the invoices and in cases where

Criteria	Audit Observation
been used for the procurement of equipment for the specific work by providing copies of invoices or other documents to the engineer.	invoices were not submitted by the contractors, instructions have been issued to submit the same. The reply is not acceptable as PD Azamgarh, PD Banda, CD-1 Pratapgarh and CD (B) Varanasi neither produced the invoices during audit nor with the Government's reply, whereas CD-3 Barabanki submitted proforma invoice instead of purchase invoices of the equipment while CD-2 Pratapgarh submitted invoices of the equipment purchased prior to execution of the contract.
Secured advance	
As per the terms and conditions of MBD, only mobilisation and equipment advances are permissible to be granted to the contractor.	Scrutiny of records of the sampled districts revealed that interest-free secured advances of ₹ 14.54 crore were paid to six contractors during 2014-19 against material brought to the site (***Appendix-3.2.14***). Granting of secured advance was not only against the terms and conditions of MBD but also gave undue benefit to the contractors. The Government stated (October 2020) that secured advances were sanctioned in accordance with the provisions of Financial Hand Book-Vol. VI. The reply was not acceptable as terms and conditions of MBD permits grant of mobilisation and equipment advances to the contractor. However, the department instructed (October 2020) all CEs/SEs/EEs to adhere the provision of the bidding document (T-2) strictly regarding advances to be given to contractors.

- ***Deduction of retention money***

MBD prescribed that the employer shall retain the security deposit of five *per cent* amount from each payment due to the contractor. Audit observed that 19 out of the 22 test-checked divisions did not deduct ₹ 1.33 crore on account of retention money from the payments made to contractors against 75 contracts (***Appendix-3.2.15***).

The Government stated (October, 2020) that provision for deduction of five *per cent* from each contractor's bill has been given in MBD. Instructions regarding strict observance to this provision were issued in November 2017.

The fact remains that PWD needs to ensure enforcement of the provisions of MBD and relevant instructions regarding deduction of retention money to safeguard Government's financial interest in the event of the contractor leaving the work midway without completing the work.

- ***Deduction of labour cess***

UPBOCW rules[57] provide for deduction of labour cess by the employer at the rate of one *per cent* of the total value of the bill amount to be paid to the contractor. E-in-C also clarified (December 2017) that provision in respect of labour cess was already included in MBD and as such, contractors were liable for payment of labour cess.

[57] Uttar Pradesh Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2009.

Audit noted that the system of deduction of labour cess was not uniform and varied from division to division and also from contract to contract within the same division. Out of 223 test-checked contracts, labour cess amounting to ₹ 24.44 lakh was not deducted from bills of the contractors against 75 contracts. On the other hand, in 14 contracts, labour cess of ₹ 22.05 lakh was first added to the bills and then subsequently deducted from the bills. Thus, the payment of labour cess in these 14 contracts were made by the Government instead of the contractor (***Appendix-3.2.16***).

The Government stated (October 2020) that instructions were already issued in April 2010 and December 2017 for recovery of labour cess from the contractor's bills. The reply was, however, not acceptable as divisions were adopting different methods for deduction of labour cess.

- ***Execution of extra items***

Chief Engineer, PWD (January 2007) and E-in-C, PWD (November 2010) directed that extra items should be executed in unavoidable circumstances only. Further, instructions were issued for deduction of security deposit for the cost of extra items from the bills of contractors.

Audit observed that certain items, such as, granular sub base (GSB), water bound macadam (WBM), wet mix macadam (WMM), bituminous concrete (BC), tack coat, prime coat, etc., though sanctioned in the detailed estimates, were not included in the BOQ of 32 contracts and these items were executed as extra items of ₹ 10.33 crore. The performance security of ₹ 50.86 lakh due for the payments of extra items was also not deposited by the contractors against these contracts (***Appendix-3.2.17***). Deduction of required performance security from the contractor's bill was made against the payment of extra items in only one case[58].

The Government stated (October 2020) that extra items were being sanctioned in terms of the provisions of MBD. New guidelines would be issued after reviewing the order issued in January 2007.

The reply was not acceptable since not only extra items as a common practice was adopted by the divisions but contractors got waiver from depositing the performance securities.

- ***Adjustment of GST***

The Government ordered (November 2017) that payments after 1 July 2017 for contracts executed up to 30 June 2017 would be made after assessing additional tax based on service tax included in the rates and rate of GST implemented from 1 July 2017. Scrutiny of records revealed that the required adjustment of GST from the bills was not ensured while making payments of ₹ 13.40 crore against 31 out of 32 contracts executed before 1 July 2017 (***Appendix-3.2.18***).

The Government stated (October 2020) that divisions were following the detailed guidelines issued in November 2017 in this regard. The reply was not

[58] CB No. 182SE 24-12-2016 in CD-3 Barabanki.

acceptable, as audit did not notice adjustments of GST by divisions in spite of prevailing orders.

- ***Short performance security***

MBD prescribes that within 10 days after receipt of the letter of acceptance, the successful bidder shall submit a performance security of five *per cent* of the contract price.

Scrutiny of records of the test-checked divisions revealed that contracts for 49 contracts of ₹ 238.06 crore were executed without obtaining the required amount of performance security. Performance security in these cases was short by ₹ 3.35 crore (***Appendix-3.2.19***), which led to undue favour to contractors.

The Government stated (October 2020) that instruction had already been issued for obtaining performance security in full from contractors and action would be taken in those cases where less than required performance security were taken. The Government further added that presently, obtaining of security deposit against a contract was being monitored online through *'Chanakya'* software due to which there would not be possibility of error in future.

- ***Insurance cover not provided***

MBD prescribed that the contractor[59] shall, at his cost, provide insurance cover from the date of commencement to the end of the defect liability period for personal injury or death. Insurance policies and certificates were required to be submitted to the Engineer. CVC guidelines[60] also insist for provision of insurance cover to save from any mishap during execution.

Examination of records revealed that insurance cover was not provided by contractors against any of the 185 test-checked contracts of ₹ 1,139.35 crore (***Appendix-3.2.20***). As percentage rates quoted by the contractors were inclusive of cost of insurance as mentioned in bid documents[61], non-provision of insurance benefitted the contractors to the extent of premia payable for insurance cover.

The Government stated (October 2020) that instructions in this regard were already issued (January 2018) for providing insurance cover by contractors. The reply was not acceptable as in spite of prevailing instructions, PWD Divisions did not ensure that insurance covers were provided by the contractors in compliance to terms & conditions of contracts.

3.2.7.10 Completion of works and sanction of time extension

Audit noted that the works against 99 contracts of ₹ 590.79 crore were completed with a delay of two to 1,561 days from the scheduled date of completion. Out of these 99 contracts, 28 contracts were finalised without obtaining sanction for time extension from the competent authority.

As per last bill paid to contractors, works against 44 contracts for road lengths ranging between one km and 54 km were not completed (July 2019) even after

[59] For contracts of more than ₹ 40 lakh.
[60] Para 9.1.4 of Preventive Vigilance Publication of Central Vigilance Commission.
[61] Section-7, Bill of Quantities Preamble.

a lapse of 49 to 3,175 days of their completion schedule, which ranged between one month and 18 months. Out of these, the execution of 21 contracts was continued without obtaining sanction for time extension (***Appendix-3.2.21***). Further, audit could not verify the actual length of the roads completed vis-à-vis sanctioned length of road works as the length of road completed was not mentioned in the paid vouchers.

The Government stated (October 2020) that most of works were completed and time extension was sanctioned by the competent authority. The reply was not acceptable as information of completion of work and approval of time extension in respect of works included in ***Appendix-3.2.21*** was not provided.

3.2.8 Quality control

3.2.8.1 Monitoring of quality testing

The Government directed (August 1996 and October 2010) that item-wise tests and their numbers according to Indian Standard/Departmental/ IRC specifications would be mentioned in all estimates and sanctioning authorities would be fully responsible for ensuring that it has been done as per norms. Further, out of total test-samples required, 25 *per cent* test samples would be sent to Research Institute (RI) and Quality Promotion Cell (QPC), 25 *per cent* would be sent to Regional Laboratory[62] and remaining 50 *per cent* test samples would be sent to district laboratories for testing. Besides, respective CEs were required to send a division-wise monthly progress report on test samples to E-in-C and Government.

Scrutiny of test-checked works revealed that details of quality tests and their numbers in respect of various items of works were not mentioned in any test-checked estimate. Further, records of test samples sent for testing and their results were not maintained at division level. Information in respect of tests carried out by the divisions was not provided by concerned CEs[63] except CE, Ayodhya. As per information provided by CE, Ayodhya, 637 works were executed by three divisions (PD Barabanki, CD-1 Barabanki and CD-3 Barabanki) during 2014-19 but only 19 tests against 203 executed works were carried out at RI and QPC in respect of works executed by one division (PD Barabanki).

The Government stated (October, 2020) that instructions for testing of samples at Research Institute, Quality Promotion Cell and Regional Laboratory were already issued. Hot Mix Plant and Wet Mix Plant were used in most of the works for which testing was carried out in laboratory established by the contractor at work site.

The fact remains that quality tests at contractor's laboratory cannot replace the mandatory tests required to be carried out by departmental laboratories prescribed in Government orders (August 1996 and October 2010). Further, due to non-maintenance of records of samples sent for quality testing by test-

[62] In regions where regional laboratories are not available, these 25 *per cent* test samples would be sent to QPC and RI.

[63] CE Azamgarh, CE Banda, CE Meerut, CE Moradabad, CE Prayagraj and CE Varanasi.

checked divisions, Audit could not vouch for the actual number of quality tests carried out in sampled works.

3.2.8.2 Monitoring of bitumen supplied

As per the conditions of the MBD, the contractor shall procure Bitumen and Modified Bitumen from Indian Oil Corporation and Hindustan Petroleum Corporation and produce the original Consignee Receipt Certificate (CRC) issued by the company at the time of claiming the payment. E-in-C also directed (October 2008) that payments should not be made to the contractors for bituminous work without obtaining original CRCs.

Audit noted that CRCs were obtained for only 56 out of the test-checked 167 contracts[64]. Thus, payments of ₹ 309.67 crore were made for bituminous items against 111 contracts by 19 divisions without obtaining CRCs from the contractors (***Appendix-3.2.22***).

The Government stated (October 2020) that divisions which had not obtained CRCs, were instructed to obtain CRCs urgently. It further added that at present, the verification of CRC was being done online so that occurrence of such errors would be less.

3.2.9 Conclusion

Expenditure through State Road Fund (SRF), which constituted 21 *per cent* of the total expenditure on the development and maintenance of roads and bridges during 2014-19 in Uttar Pradesh, was riddled with major shortcomings on the part of the Public Works Department at all stages from planning to execution of the works.

No efforts were made to assess the priority of works to be executed, works to be kept in the pipeline, etc., culminating in improvisatory annual planning. Funds for works were released with delays of up to seven years of their sanction. Estimates for road works were faulty and avoidable excess expenditure was incurred due to use of incorrect technical parameters and non-compliance with existing instructions. Tenders were invited even before administrative approval and technical sanctions for the work. In a majority of cases, scope of work was changed after publication of notice inviting tender and price negotiations were resorted to with bidders without recording the reason for such action, thereby vitiating the contract process. PWD Divisions failed to adhere to terms and conditions of the contract which resulted in undue benefit to contractors. The norms for quality control of road works were also not complied.

Thus, the overall functioning of the Department *vis-à-vis* road works funded through SRF revealed flouting of due process, with a concomitant diminution in transparency and needless additional outflow from the State's exchequer.

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[64] Contracts executed including cost of bitumen.

3.2.10 Recommendations

- *Priority should be given to completion of 'Srishti' as a comprehensive database of roads with all their attributes within a prescribed timeline.*

- *Norms should be framed for selection and financing of roads under SRF to enable better planning and to eliminate arbitrariness.*

- *The sanctioned works under SRF should be completed in order of their priority before sanctioning new works.*

- *The procedures of contract management in the execution of contracts should be strictly adhered to and departmental action as appropriate in cases involving significant deviations may be initiated.*

- *The provisions of quality control to keep watch over the execution of roads works should be ensured.*

URBAN DEVELOPMENT DEPARTMENT

3.3 Audit of Kumbh Mela 2019

3.3.1 Introduction

The confluence (*Sangam*) of the rivers Ganga, Yamuna and mythical Saraswati at Prayagraj is the site for hosting of the *Magh Mela* every year, *the Kumbh Mela* every six years and the *Maha Kumbh Mela* every 12 years. In the year 2019, *Kumbh Mela* (KM) was organised in Prayagraj from 15 January 2019 to 4 March 2019. A sandy area of about 3,200 hectare, divided into 20 sectors, at Sangam and surroundings thereof was developed by the State Government for hosting KM.

The State Government constituted (November 2017) the Prayagraj Mela Authority (PMA) for management of *Magh Mela*, *Kumbh Mela* and *Maha Kumbh Mela* in Prayagraj and appointed (December 2017) *Kumbh Mela Adhikari* (KMA) to act as Chief Executive Officer of PMA. Urban Development Department (UDD) was the nodal Department for organising KM and also the administrative Department for PMA. The works related to creation and upgradation of infrastructures and facilities for the pilgrims and visitors were undertaken by 24 State Government offices/local bodies under 16 Departments of the State Government, as detailed in ***Appendix-3.3.1.***

3.3.1.1 Scope of Audit

The objectives of compliance audit of Kumbh Mela 2019 were to ascertain:

- whether funds were released timely and utilised for the earmarked purposes in accordance with the extant rules/regulations/orders;
- whether the works were undertaken with economy and efficiency; and
- whether adequate mechanism for quality assurance in the works was put in place and implemented.

The compliance audit covers 10 Departments[65] involved in works relating to KM 2019. The records in 14 offices pertaining to these 10 Departments, which incurred ₹ 1,259 crore as of July 2019 (60 *per cent* of total expenditure), were examined during April 2019 to November 2019. The audit methodology included general examination of the records in these 14 offices with detailed analysis of 20 *per cent* highest value works carried out by the five offices[66] ***(Appendix-3.3.2)***. The State Government furnished replies of draft report in May 2020, which have been suitably incorporated in the report.

3.3.1.2 Scope limitations

Despite repeated requests and pursuance at the Government level, the records/information pertaining to overall expenditure for KM, details of payments related to various permanent and temporary works, third party inspection reports on the basis of which contractor's bills were paid,

[65] Home (Police) Department, AYUSH Department, Horticulture and Food Processing Department, Food and Civil Supplies Department, Information and Public Relations Department, Irrigation and Water Resources Department, Medical Health and Family Welfare Department, Medical Education and Training Department, Public Works Department and Urban Development Department.

[66] These five out of 14 offices incurred about 84 *per cent* expenditure.

work-wise penalty imposed in view of inferior/delayed works, records relating to erection of temporary structure in KM areas by Home (Police) Department, stock book of KMA related to issues and receipts of material to various organisations during KM, as detailed in ***Appendix-3.3.3,*** were not produced during the compliance audit of *Kumbh Mela* 2019. The non-production of records/information limited the audit exercise and it may also result in lack of accountability by State Government functionaries. The State Government is urged to take appropriate action in respect of non-production of records cited in the report.

Audit Findings

The State Government had described the organisation of KM 2019 as very successful. The KM 2019 was visited by more than 240 million people and many new initiatives were taken, especially in the field of sanitation, hygiene and availability of clean water in the river.

The compliance audit of KM 2019 revealed that scope exists for improvement in financial management, coordination and project management by the authorities. The audit observations discussed in the succeeding paragraphs are intended to draw the attention of the authorities for taking corrective steps for further improvements in future *melas*.

3.3.2 Financial management

For the execution of KM related works, respective departments were to send the project proposal for creation of infrastructure/facilities to PMA. The projects were appraised/screened by PMA and then presented before the State Level Committee, headed by the Chief Secretary, Uttar Pradesh, which was constituted for overseeing the KM arrangements at the State level. UDD in turn, issued financial sanctions to KMA, whereas technical sanctions were issued by respective departments. The respective Departments executed the works and raised the bills to KMA for payment through treasury.

The State Government made budget provision of ₹ 3,499 crore during 2017-18 to 2019-20 for carrying out various works for KM and payments to contractors. To cater to the requirement of funds, the State Government had also sent (June 2018) a Detailed Project Report, amounting to ₹ 3,019 crore, for seeking financial assistance from the Government of India (GoI). GoI released (July 2018 and December 2018) special assistance grant of ₹ 1,200 crore to the State Government for creation of permanent infrastructure in Prayagraj. Apart from this, GoI provided ₹ 81.62 crore (July 2018) under National Mission for Clean Ganga (NMCG) to KMA for creation of toilets and other sanitation arrangements in the KM area.

Audit observed that UDD sanctioned ₹ 2,743.60 crore to KMA against which ₹ 2,112 crore was spent as of July 2019[67]. This included Government's sanctions of ₹ 1,697 crore to the 10 Departments, which are covered in this compliance audit ***(Appendix-3.3.4 & 3.3.5***).

[67] As informed by the State Government (February 2020), the total expenditure up to 2019-20 was ₹ 2,447.96 crore.

Further, apart from release of funds to KMA, various departments also released funds for KM related works/procurement out of their budget provisions. Since the allotment and expenditure of fund by other departments were not made available by KMA, the holistic picture of the funds released and expenditure incurred for KM works was not ascertainable. Out of 10 Departments[68], three departments (Public Works Department, Home Department and Urban Development Department) separately released ₹ 324.86 crore[69] from their departmental heads of accounts for various activities during KM against which ₹ 313.65 crore[70] was spent.

The State Government stated (May 2020) that KMA had a holistic picture of funds released for works being executed in lieu of KM from all sources and all associated information had also been shared by KMA and respective departments.

The reply was not acceptable, as KMA did not provide the overall provision of fund and expenditure incurred for KM from all sources. Further, in its reply, the State Government also did not provide the details of provision and expenditure incurred for KM from all sources, despite subsequent request (May 2020).

3.3.2.1 Diversion of ₹ 65.87 crore from State Disaster Response Fund

As per the GoI guidelines of State Disaster Response Fund (SDRF), which was created under Disaster Management Act, 2005, the SDRF would be used only for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst, pest attack, frost and cold wave.

Audit observed that the State Government allotted (December 2017 and April 2018) ₹ 65.87 crore to the Home (Police) Department from SDRF for purchase of rescue equipment in the event of disaster during KM. These equipment were for use of Jal Police, fire service, wireless, radio communication and traffic arrangement. The entire allocated fund was incurred[71] for procurement of equipment. However, allotment of funds from SDRF for procurement of equipment for KM was in violation of the guidelines of SDRF, as it was to be used only for providing immediate relief to the victims of notified disasters, viz., cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst, pest attack, frost and cold wave.

The State Government stated (May 2020) that the allocation of ₹ 65.87 crore from SDRF to the Home (Police) Department was made for creating capital assets for enhancing disaster preparedness of the State and to provide immediate relief in events not only in *Kumbh Mela* 2019 but during subsequent *Melas* and other events across the State. The State Government

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[68] Details of release of funds from departmental head of accounts in respect of departments other than the 10 Departments have not been commented in view of the scope of this compliance audit.

[69] Home (Police) Department: ₹ 102.66 crore, which included ₹ 65.87 crore made available by diverting money from SDRF; Public Works Department: ₹ 172.98 crore; Urban Development Department: ₹ 49.22 crore.

[70] Home (Police) Department: ₹ 102.66 crore (August 2019), Public Works Department: ₹ 170.44 crore (March 2019), Urban Development Department: ₹ 40.55 crore (March 2019)

[71] This included ₹ 25.63 crore transferred (February 2019) to Smart City Limited Prayagraj for purchase of surveillance system for KM 2019 and future *Magh Melas*.

further stated that the expenditure was made not as a subsidy, but to increase the disaster relief provision capacity of the Police Department.

The reply was not acceptable, as the sanction for allotment of ₹ 65.87 crore from SDRF was specific for KM and it was not for capacity building for response to notified disasters. The funds were required for equipment for the use of Jal Police, fire services, wireless, radio communication and traffic arrangements during KM, which are standard arrangements required during any *mela* and should have been met from the budget provision instead of diverting money from SDRF, which was to be utilised for notified disasters.

3.3.2.2 Creation of liabilities-works without/in excess to financial sanctions

According to paragraphs 316 and 317 of the Financial Hand Book Volume VI, no work should be taken up without administrative and financial sanctions by the competent authorities.

Audit observed instances in which works were executed without financial sanctions as well as in excess of the financial sanctions issued by UDD, as discussed below:

- The State Government sanctioned ₹ 14.67 crore to Information & Public Relations (I&PR) Department for promotion of KM through electronic and print media. However, I&PR Department issued work orders amounting to ₹ 29.33 crore to 11 media channels for preparation and telecast of documentaries. Thus, work orders were issued in excess of financial sanction, which was irregular.

The reply of Government was awaited (January 2021).

- UDD accorded financial sanction of ₹ 105 crore for erection of tin, tents, pandals, barricading works in KM area. As against this, KMA executed the works costing ₹ 143.13 crore resulting into creation of financial liabilities amounting to ₹ 38.13 crore, which was yet to be paid (August 2019).

The State Government stated (May 2020) that on the basis of Expression of Interest (EoI) received from 19 vendors for erection of tentage and temporary structures, PMA assessed fund requirement of ₹ 129.14 crore. UDD approved (May 2018) the proposal of PMA. While the tendering process was underway, UDD accorded financial sanction for only ₹ 105 crore. The suppliers after executing the works, submitted inflated bills amounting to ₹ 231.45 crore. However, after verification of bills, only ₹ 143.13 crore out of ₹ 231.45 crore claimed by suppliers was found to be payable. The State Government further added that excess expenditure was due to creation of 102 special tents for dignitaries invited for the *Mela*, rise in the number of people and organisations attending the *Mela*, tin barricading in almost all plots allotted to *Akharas*, *Prayagwal*, *Mahamandaleshwar*, etc. The Government further stated that PMA paid ₹ 105 crore to the suppliers and sent proposal of ₹ 38.13 crore for additional allotment of funds against which ₹ 33.27 crore was sanctioned by UDD in December 2019 and sanction of the remaining funds was in process.

The fact remains that PMA could not keep the expenditure within the financial sanctions accorded by UDD and additional allotments of ₹ 4.86 crore for excess expenditure were yet to be made. The excess expenditure over sanctions should be regularised by adhering to the laid down procedures.

- Provincial Division, PWD, Prayagraj carried out six works, costing ₹ 1.69 crore, related to repair of roads and painting of roadside trees without financial sanction by UDD. EE made (January 2019) payment of ₹ 52.86 lakh in respect of one of these six works (Jhansi-Allahabad-Mirzapur road to Chheoki station to COD and Garh Madhav Marg) by utilising the savings of another work, which was irregular.

Audit scrutiny revealed that the Provincial Division, PWD, Prayagraj sent a proposal to Construction Division-4 (nodal division) for allotment of funds for payment to the contractors in respect of remaining five roads stating that the roads works were executed on the verbal orders of KMA and other authorities. However, no fund was allotted to the Provincial Division as of July 2019.

The State Government stated (May 2020) that the repair/renewal of the six roads was critical and of utmost importance to ensure timely and smooth execution of KM and, thus, these works were carried out under the general repairs/renewal head of the approved departmental budget and payments were made to respective contractors.

The reply was not tenable, as the State Government did not provide evidence in support of sanction of these works under the general repairs/renewal head of the approved departmental budget head. Further, Audit verified the accounts of the division which disclosed that no payment was made in respect of above mentioned five works as of October 2020 under the head repair and maintenance.

Thus, execution of works by Provincial Division, PWD, Prayagraj on the verbal orders of KMA without corresponding financial sanctions had led to creation of financial liability, which was yet to be paid (October 2020). Besides, it was in contravention of codal provision proscribing execution of works without administrative and financial sanctions by the competent authority.

3.3.2.3 Liability to compensate losses to suppliers

KMA entered into (November 2018) agreement with various suppliers for tentage items including any support structures, tin, furniture, manpower, materials *etc.* for temporary settling in the KM area on rental basis. As per terms and conditions of the contract, the suppliers were responsible for supply and complete installation of tents, including any support structure and uninstallation of the same at the end of KM. The contract further provided that all furniture items were to be supplied only to the departmental stores against proper receipt by departmental functionaries. The department would be responsible for upkeep of the materials supplied/erected at the site by the suppliers and the department would have to ensure safe return of material and keep them in their watch and ward. In case of non-return of material to the vendor or losses/damages, KMA would be liable for payment of compensation to the vendors at the rate of five times for furniture group items and ten times for tentage items as defined in the contract.

Audit observed that the vendor claimed payment for compensation of ₹ 21.75 crore on account of missing tin, tent and furniture. However, Audit could not verify the actual status of receipt and return of tentage/furniture items *vis-à-vis* the claims made by the suppliers, as KMA did not produce the stock books to Audit and details of no dues certificates issued by it to the institutions to whom tents were allotted, despite repeated requests[72]. The claim of the vendor remained unsettled as of July 2019.

The State Government stated (May 2020) that the responsibility of return of the supplied materials lies with the respective institutions, as mentioned in the terms and conditions of the *Suvidha Parchis*. It added that notices were issued to respective institutions by *Mela* administration to return the respective materials to the vendors and to get no dues certificate thereafter. The State Government further informed that the list of 403 defaulting institutions had been reduced to less than 150 institutions based on the continuous correspondence carried out by PMA and the same was accepted by the suppliers. It also stated that actual amount payable (if any), on account of missing items was not yet ascertained since the return of material was underway.

The reply was not acceptable, as department was responsible for upkeep of the materials supplied/erected at the site by the suppliers and non-return of tentage/furniture items by defaulting institutions was indicatives of failure of KMA to effectively monitor the issue and return of the material to/from the institutions. Further, the fact remains that the missing material were not returned to vendor even after more than one year since the end of KM.

Creation of infrastructure and delivery of services

3.3.3 Milestones not achieved

The bathing dates of the KM commenced with *Makar Sankranti* held on 15 January 2019. Hence it was imperative for the Departments to complete all works and receive all supplies prior to that day.

- Audit observed that 58 permanent works (15 *per cent*) costing ₹ 144.84 crore were not completed by 15 January 2019, *i.e.*, the date of commencement of KM 2019. The incomplete works included heliport in Prayagraj, construction/ upgradation of roads and signage works, pontoon bridge approach roads, bore of mini tube wells, shifting of transformer and electric poles, etc. Further, 11 temporary works (15 *per cent*) costing ₹ 109.93 crore also remained incomplete by 15 January 2019, which included development of parking area, pontoon bridge, supply of LED fittings, rain coat, gum boot, etc. Out of these permanent and temporary incomplete works, progress of 11 works was zero, progress of 10 works ranged between one *per cent* and 50 *per cent* and progress of 15 works ranged between 51 *per cent* and 75 *per cent*, as detailed in ***Appendix-3.3.6***.

[72] Last correspondence was on 12 November 2020.

The State Government stated (May 2020) that most of the works were completed prior to the first bathing date, *i.e.*, 15 January 2019 and merely ornamental tasks in some of the works remained to be completed, which were completed within 4-6 days after 15 January 2019. Government further stated that overall, every project was completed in KM to ensure that the execution was smooth and pilgrim experience was not compromised. However, the reply was not acceptable, as the 69 works, mentioned above, were not completed even up to February 2019.

- In addition, it was seen that Home (Police) Department planned procurement of a few items, like, fire equipment, baggage scanners, radio HF sets, etc., for safety and security arrangements during KM. Audit noticed that the supply orders were issued (October 2018 and December 2018) for procurement of 10 Motor Fire Engine (Cost: ₹ 1.79 crore), four Foam tenders (Cost: ₹ 1.36 crore) and 09 fire equipment (Cost: ₹ 36.85 lakh) for utilisation during KM to maintain safety and security of the pilgrims. However, these were not received till the end of KM. Besides, as against supply orders (November 2018 and February 2019) for procurement of 37 baggage scanners[73] (Cost: ₹ 4.91 crore) eight baggage scanners (cost: ₹ 1.02 crore) were not received[74] till the end of KM and nine baggage scanners (cost: ₹ 1.15 crore) were received on 1 March 2019, *i.e.*, four days before the end of KM. Apart from this, 75 metre tyre killer (Cost: ₹ 1.64 crore) and four Digital Radio HF set (Cost: ₹ 16.92 lakh) were received with delays on 24 January 2019 and 22 February 2019 respectively. Audit also observed that nine baggage scanners, four Digital Radio HF Set and tyre killer were not utilised during KM.

The State Government stated (May 2020) that the equipment procured were extensively used during KM and upon completion of the *Mela* duration, the equipment was distributed to different districts within the State for extensive deployment.

The reply was not acceptable, as nine baggage scanners, four Digital Radio HF Set and tyre killer procured by the Home (Police) Department were not used during KM. Besides, 10 motor fire engine, four foam tenders, nine fire equipment and eight baggage scanner purchased for KM 2019 were not received even till the end of KM 2019.

3.3.3.1 Procurement of drone cameras of inappropriate specification

Amongst various measures taken for crowd control, real time monitoring of crowd movement through drone cameras was planned by the Home (Police) Department. The real time pictures and video feeds captured by the drone cameras were to be transmitted to the Integrated Control and Command Centre (ICCC), situated in the KM area. A technical committee of the Home (Police) Department, recommended the purchase of drone camera of 640 x 480 pixel resolution and having capacity to capture videos/pictures from a distance of two kilometres. Accordingly, the office of Deputy Inspector General of Police (*Kumbh*) procured (January 2019) 10 drone cameras at a cost of ₹ 32.50 lakh.

[73] Used for scanning of articles for safety purposes.
[74] Received on 21 March 2019

Audit observed that none of the 10 drone cameras were utilised in KM because on deployment, it was found that picture quality of the camera was not suitable for monitoring real-time crowd movement. However, the Home Police Department could not resolve the issue till the end of KM as a result of which all the cameras remained idle during KM and the envisaged crowd management was not carried out through these drone cameras.

In reply, the State Government stated (May 2020) that three large drones and 10 small-size drones were procured and used as per requirement throughout the *Mela* period. During such deployment, it was found that the quality of the images captured by 10 small drones was not up to the mark and, therefore, the supplier was asked to identify and remove the problem. It further stated that the supplier replaced the cameras with higher resolution (1280X720 pixel) supported with team-viewer software which had a positive impact on the image quality of these drones.

The reply was not tenable, as the replacement of the drone cameras did not take place during KM period since as per the records, the supplier had consented to replace the cameras in its communication dated 29 March 2019, *i.e.*, after the *Mela* period.

3.3.4 Construction, widening and strengthening of roads

The State Government sanctioned ₹ 563.06 crore for construction, widening and strengthening of roads in Prayagraj city and connected areas to facilitate smooth movement of vehicles and the public during KM. Significant audit observations emanating from the test-check of records of the respective divisions of Public Works Department (PWD) and Prayagraj Nagar Nigam (PNN) have been discussed in the succeeding paragraphs:

3.3.4.1 Over estimation in estimates for works

According to Para 523 of the Financial Handbook Volume-VI, estimates of work should be prepared on the basis of rates prevailing in each locality and necessary analysis of the rates for each description of work. Further, Para 14.19 of UP Procurement Manual 2016 stipulates that before placing the contract on the lowest evaluated responsive tender (L1), the purchasing organisation is to ensure that the price to be paid is reasonable. Besides, guidelines issued (2002)[75] by Chief Technical Examiner's organisation, Central Vigilance Commission, GoI stipulated that before acceptance of the offer, it is very important to establish the reasonableness of rates on the basis of estimated rates and the prevailing market rates. Audit noticed cases of inflated estimates due to which reasonability of rates offered by lowest responsive bidders (L1) could not be ensured, as discussed below:

- ***Inclusion of excess overhead charges in the estimates for road works***

According to the Government order (November 2017), overhead charges at the rate of 2.5 *per cent* of the cost of work was allowed in respect of works related to Other District Roads (ODRs). However, audit noticed that in the estimates of widening and strengthening of 19 ODRs, overhead charges were

[75] Paragraph 15.1

applied at the rate of six *per cent*, which inflated the estimates by ₹ 2.68 crore ***(Appendix-3.3.7)***. Technical sanctions for these inflated estimates were accorded by the office of Chief Engineer, Prayagraj Zone between January 2018 and September 2018.

Further scrutiny revealed that these works were subsequently awarded to the contractors after evaluating the rates quoted by bidders *vis-à-vis* the rates in the approved estimate. However, the bidders had mentioned the rates by percentage reduction or increase in the departmental assessed rates without providing details of quoted rates, viz., material, labour, overhead charges, etc. As a result, it was not possible to ascertain the excess payment on account of inflated overhead charges included in the estimates. However, the possibility of payment of overhead charges at the enhanced rates could not be ruled out in Audit.

The State Government stated (May 2020) that in the standard data book for analysis of rates, issued by Ministry of Road Transport and Highways (MoRTH), GoI, overhead charges were allowed at the rate of six *per cent* and accordingly the overhead charges were provisioned in the estimates.

The Government's reply was contradictory to its own order of November 2017 which specified that overhead charges at the rate of only 2.5 *per cent* would be allowed in the estimates of ODRs work. Pertinently, in two other ODRs[76] constructed during KM, overhead charges at the rate of only 2.5 *per cent* were included in the estimates.

- ***Estimates for installation of LED lights along the roads***

State Government accorded administrative approval and financial sanction of ₹ 3.19 crore in January 2018 for providing LED lights with galvanised poles along the roads. The financial sanction accorded by the State Government was based on the unit cost of ₹ 22,650 per LED light as per the Schedule of Rates (SoR) of September 2015. PNN invited (March 2018) bids for the work in March 2018 and supply orders were issued in April 2018 for supply and fixing of LED lights.

Audit in this respect further observed that the unit rate of the LED light was revised (28 March 2018) to ₹ 10,500 per LED light in the PWD Scheduled of Rates (SoR) applicable from 1 April 2018. Thus, the revised SoR rate for LED lights was 54 *per cent* less than the unit rate of ₹ 22,650 on which State Government accorded financial sanction in January 2018. However, PNN did not take cognizance of the reduction in the rate of LED light in the revised SoR and work orders were issued to the suppliers on 13 April 2018 at the quoted rates of ₹ 16,426 (for 358 LED lights) and ₹ 16,589 (for 179 LED lights). Had the work been awarded on revised reduced rates of ₹ 10,500 per LED lights, the expenditure of ₹ 32.11 lakh could have been avoided.

The State Government stated (May 2020) that the governing rate as per PWD SoR was ₹ 22,650 at the time of preparation of expenditure estimates and receipt of approval. Government further added that it was after this, in April

[76] Widening of Karchhana-Jari Marg and Widening of Madauka Mohabbatganj Sanai ka pura Dabhav approach Road.

2018, that revised SoR was issued by PWD wherein the rates for LED lights were decided as ₹ 10,500.

The reply was not acceptable, as at the time of opening of bids (11 April 2018) the revised SoR was already circulated (28 March 2018) and it could have been taken as benchmark for ascertaining reasonableness of bids. However, bids were accepted at higher rates, despite the fact that the lowest bid for LED light was more than 56 *per cent* above the prevailing SoR which was finalised recently and therefore, it was much closer to the prevailing market rate.

- ***Estimates for laying of Bituminous layer in road works***

The State Government sanctioned (May 2018) works for renewal of 10 roads at a cost of ₹ 6.37 crore (***Appendix-3.3.8***). The renewal of road works *inter alia* involved laying of Bituminous Macadam (BM) and Semi Dense Bituminous Macadam (SDBC) over the base layer of the roads. Scrutiny of records of PNN revealed that the administrative approval and financial sanctions for these roads were based on the preliminary estimates prepared by PNN on the schedule rates of 2016. However, the rate of bitumen[77] was reduced subsequently in February 2018 and resultantly the cost of BM and SDBC was also reduced to ₹ 3,129 per MT and ₹ 3,804 per MT respectively[78].

Despite the downward revision of rates for BM and SDBC works, PNN did not revise the estimate for these roads. Audit observed that out of 10 works, the contracts were awarded in seven works only after obtaining single bid and in respect of remaining three works, only two bids in each work were received. Therefore, on the one hand the estimates of the works were inflated as it was not revised at the prevailing rates, on the other hand the PNN could not even discover the reasonable market rates through open bidding due to insufficient participation of bidders. Had the work been awarded on revised reduced rates of BM and SDBC, expenditure of ₹ 11.17 lakh in the execution of BM (6,447.75 MT) and SDBC (3,711.85 MT) could have been avoided, as detailed in ***Appendix-3.3.8***.

The State Government stated (May 2020) that the estimate was prepared prior to revision in the rate of bitumen and it was not possible to change the estimates at a later stage. The reply was not acceptable, as the administrative and financial sanction was accorded in May 2018, *i.e.,* after the revision (February 2018) of rates of BM and SDBC and the estimates could have been revised before the administrative approval and invitation of bids in May 2018.

3.3.4.2 Excess expenditure due to laying of extra offset

In road construction, non-bituminous layers are extended on both sides, beyond the width of the carriageway (termed as offset), to provide stability to the edges. E-in-C, PWD specified (March 2016) that the width of the offset on both side of carriageway should be equal to the thickness of the non-bituminous layers overlaid.

[77] VG-30 for BM: from ₹ 35,949 per MT to ₹ 29,019 per MT; CRMB for SDBC: from ₹ 40,127 per MT to ₹ 30,749 per MT).

[78] Rates of BM and SDBC as per schedule rate of 2016 were ₹ 3,308 per MT and ₹ 4,100 per MT respectively.

Scrutiny of records revealed that in the construction of nine roads executed by PWD ***(Appendix-3.3.9)***, offsets were overlaid in excess width (43 to 288 *per cent* more than the prescribed width) which resulted in excess expenditure of ₹ 95.75 lakh.

The State Government stated (May 2020) that offsets were provided adhering to the E-in-C's order of March 2016 and PWD norms. The reply was not acceptable, as the order of E-in-C was not adhered to and offsets were provided in the extra width ranging from 0.09 meter to 0.69 meter, as detailed in ***Appendix-3.3.9***.

3.3.4.3 Sub-standard road works

- PWD circular[79] (June 2007) stipulates laying of a prime coat layer below the bituminous layer to act as an adhesive between the non-bituminous and bituminous surfaces. However, Audit observed that in the strengthening and widening of the road from railway crossing to Annie Besant school *via* Rampriya road (estimated cost: ₹ 209.31 lakh; expenditure: ₹171.22 lakh), PNN overlaid BM (1146.16 MT @ ₹ 3308/MT) and SDBC (572.10 MT @ ₹ 4100/MT) over the base layer of the road. However, PNN did not provide the prime coat below the BM. As a result, bituminous works (BM and SDBC) executed at a cost of ₹ 57.62 lakh remained sub-standard.

The State Government stated (May 2020) that the works were done on an existing bituminous road, wherein GSB had to be laid down in order to cover undulation that occurred due to road cutting (which was done for laying down of a sewer line). The estimates for these works provided for laying down of a tack coat, as a result, tack coat was used to conduct the strengthening works.

The reply was not acceptable, as the road work also involved widening of road by two meter and the old painted surface of the existing road was scraped for laying of BM on entire executed length (1,730 meter) of road works. Therefore, prime coat was to be provided over WBM in view of PWD circular (June 2007).

- According to PWD circular[80] (July 2006), thermoplastic paint (white coloured strips over the road) over the bituminous surface should be overlaid at least after 45 days of laying the bituminous surface. Early laying of thermoplastic would adversely impact the performance of thermoplastic painting over the bituminous surface. However, thermoplastic paint was overlaid in eight roads (Cost: ₹11.22 lakh) only after one to 37 days from the date of laying of Semi Dense Bituminous surface, rendering it sub-standard.

The State Government stated (May 2020) that as per MORTH specification, only temperature not being less than ten degree and pavement being free from dust, oil and grease was taken into consideration for application of thermoplastic paint.

[79] Issued by the office of Engineer-in-Chief.
[80] Issued by the office of Engineer-in-Chief.

The reply was not acceptable, as PWD circular (July 2006) specifically mention for taking up thermoplastic paint work at least after 45 days of laying of bituminous surface.

3.3.5 Undue advantage to contractors

3.3.5.1 Short deposit of performance security amounting to ₹ 2.40 crore

Determining the items of work and quantities thereof on the basis of detailed estimates is the foremost requirement for initiating the process of contracting out the work. The Model Bidding Document of PWD provides that the performance security equal to five *per cent* of the contract price was to be obtained from the contractors. The validity of the performance security shall be until a date 45 days after the expiry of Defect Liability Period of one year after intended completion date of work. Besides, as per circular (November, 2010) of the office of Engineer-in-Chief, PWD, extra items would be executed only in unavoidable circumstances, otherwise the responsible officer would be personally liable for the losses of the performance security and the stamp duty.

Audit observed that in 11 road works, one or more essential items of construction of road work such as, excavation of soil, Providing / Laying (P/L) of Granular Sub-base, P/L of stone aggregate to Wet Mix Macadam, P/L of Dense graded Bituminous Macadam, P/L of Bituminous Concrete were *ab initio* excluded from the scope of the contracts. However, these items of work were subsequently executed by the same contractor as extra items under the same contracts. As a result, the cost of work was kept low while awarding the contract which consequently reduced the performance security deposited by the contractors resulting in unauthorised aid of ₹ 2.40 crore to the contractor, as detailed in ***Appendix-3.3.10.***

The State Government stated (May 2020) that the performance security was deposited by the contractors as per the contract bond price. It also stated that as far as extra items are concerned, the same have been sanctioned by the competent authority. The State Government, however, did not specify the circumstances under which essential items of the road construction works were excluded from the scope of contract at the time of award of contract and were subsequently given to the same contractor under same contract to carry out. Further, a road is constructed by laying of soil, non-bituminous and bituminous layers one after other. If the work of a particular layer was included in the contract and the work of laying of other layer(s) were kept out of the initial scope of contract, it would lead to an anomalous situation under which a layer(s) of road work would be covered by the performance guarantee during defect liability period leaving other layer(s) out of the performance guarantee.

3.3.5.2 Non-verification of royalty pass (MM-11)

According to the provisions[81] of the Mines and Minerals (Development and Regulation) Act, 1957 and Uttar Pradesh Minor Mineral Concession Rules, 1963, the holder of a mining lease or permit or a person authorised by him in

[81] Section 4(1-A) and Section 21(1) to (5) of the Act of 1957 read with Rule 70(1) of the Rules of 1963.

this behalf may issue a pass in form MM-11 to every person carrying, consignment of minor mineral by a vehicle, animal or any other mode of transport. Holding MM-11 form by the users confirms that royalty has been paid in the Government's account.

Test-check of records revealed that in 25 road works, the contractors supplied and utilised 5,03,085 cum stone ballast and 1,24,045 cum stone grit ***(Appendix-3.3.11)***. The respective divisions of PWD did not recover the royalty from the contractors on the pretext that the contractors had paid the royalty amounting to ₹ 7.52 crore in the Government's account and submitted MM-11 forms in support. However, test check of MM-11 forms submitted in respect of the sampled works revealed that none of the MM-11 was linked to contractors' bill and the name of the work was not mentioned in MM-11 by divisions or contractors. As a result, audit could not ensure that these were related to the sampled works.

The State Government stated (May 2020) that MM-11 forms were attached with the concerned bills but due to work urgency, MM-11 could not be crossed (linked) by the divisions during payments to the contractors, but after KM, all MM-11 were verified, cross linked and kept in division office before finalising the contract bond. The reply was not acceptable, as no such cross linking of MM-11 forms were noticed during the audit which was undertaken after the KM.

3.3.6 Irregular award of work to under capacity contractor

The State Government ordered (July 2017) that in respect of execution of works costing ₹ five crore or more by Public Works Department (PWD), Standard Bidding Document (SBD) prevailing in the MoRTH, Government of India should be adopted. The works costing less than ₹ five crore are executed on the Model Bid Document (MBD) of PWD. The SBD *inter alia* prescribe formula[82] for assessment of bid capacity of participating bidders by factoring in the inputs *viz.*, (i) maximum value of the works executed by the bidder during last five years (ii) stipulated time of completion of the work, and (iii) existing commitments of the bidder. In the MBD, bid capacity of the bidder is assessed on different criteria adopting different formula[83]. Audit scrutiny revealed that three works were awarded to bidders, who were not qualified for the bid on the basis for their bid capacity, as discussed in succeeding paragraphs.

[82] Bid capacity = AxNx2-B. Where A is Maximum value of civil engineering works executed in any one year during the last five years, (updated to the price level of the last year at the rate of 10 per cent a year) taking into account the completed as well as works in progress. N = Number of years prescribed for completion of the works for which bids are invited, B = Value, at the current price level, of existing commitments and on-going works to be completed during the period of completion of the works for which bids are invited.

[83] Bid capacity = (A*N*M - B) where
A = Maximum value of civil engineering works executed in any one year during the last five years (updated to the price level of the last year at the rate of 8 percent a year) taking into account the completed as well as works in progress.
N = Number of years prescribed for completion of the works for which bids are invited (period up to 6 months to be taken as half-year and more than 6 months as one year).
M = M is taken 2.5
B = Value, at the current price level, of existing commitments and on-going works to be completed during the period of completion of the works for which bids are invited.

3.3.6.1 Award of works of putting signage on the roads

Scrutiny of records revealed that office of Superintending Engineer (SE), PWD, Prayagraj circle invited (September 2018) bids from the prospective bidders for the work of putting signage on the roads (cost: ₹ 9.60 crore). The terms of the tender *inter-alia* required minimum bid capacity of ₹ 9.60 crore of the participating bidders. Audit observed that on the basis of technical and financial evaluation of the bids submitted by the five bidders, the contract was awarded (December 2018) to M/s Sakshi Construction (contractor). However, in contravention to the Government order of July 2017, the office of SE had invited bid and executed contract on MBD instead of SBD. Resultantly, the bid capacity of the contractor was also assessed on the criteria prescribed in the MBD and it was arrived at ₹ 50.66 crore on the basis of annual turnover of ₹ 37.53 crore for the year 2016-17 declared by the contractor. It was observed that if the bidding capacity of the same contractor was assessed on the criteria prescribed in SBD, it would have been only (-) ₹ 1.92 crore, thus, the contractor would not have been eligible for the contract. Incidentally, the contractor failed to complete the work within the stipulated date (15 January 2019).

Furthermore, the same contractor had also participated (March 2019) in another bidding for execution of another work[84] under the same PWD circle for which the contractor disclosed an annual turnover for year 2016-17 as only ₹ 8.60 crore and submitted CA's certificate for the same. However, as discussed above, the contractor had disclosed its annual turnover for 2016-17 as ₹ 37.53 crore in the bid for KM work. Thus, the contractor had submitted contradictory documents in support of its claim for annual turnover, as a result the veracity of annual turnover certificate used in the determination of the bid capacity of the contractor for KM work was doubtful, which requires further investigation at the department level.

The State Government stated (May 2020) that the contractor had submitted the CA's certificate in support of the annual turnover of the firm and the tender committee went through the same. All works were completed on time and payments were made following the verification by third party inspection.

The reply was not acceptable, as the bid was not invited on SBD due to which the bid capacity of the contractor was overassessed in view of different formula being used for MBD contracts. Further, the contractor did not complete the work by stipulated date of completion. Moreover, the State Government did not furnish any reply regarding submission of two different sets of documents in support of annual turnover by the same contractor in two different works.

[84] Road safety work on State Highways, Major District Roads and Other District Roads in District Kaushambi.

3.3.6.2 Erection of pontoon bridges

Photograph No. 3.3.1

Pontoon Bridge over river Ganga

With a view to facilitate easy movement of traffic 22 temporary pontoon bridges were erected in the KM area. SE awarded contracts for construction of Pontoon-I bridge at Ganga River (tendered cost: ₹ 95.59 lakh) and another Pontoon bridge at Chhatnag Arail (up) at Ganga river (tendered cost: ₹ 55.63 lakh) to two contractors[85]. As per terms of the tender document, contractors having bid capacity of minimum ₹ 95.59 lakh and ₹ 55.63 lakh respectively were eligible to be awarded the contract. Scrutiny of records revealed that the bid capacity of both the contractors was below the required limits (only ₹ 61.44 lakh and ₹ 17.92 lakh respectively), though the contractors were awarded the contracts. Thus, an undue advantage was extended to the contractors.

The State Government stated (May 2020) that efforts were made to get reasonable prices for erection of pantoon bridges through repeated financial biddings. Since there was no further time to re-issue the bid again, the bidders were awarded the work which was completed without compromising on safety and security of pilgrims.

The reply was not acceptable, as the eligibility of bidders including bid capacity were to be assessed in technical bid evaluation process before evaluation for financial bids, which was not complied with in these cases.

3.3.7 Creation of temporary structures

Various temporary nature works (sanctioned cost ₹ 940.25 crore) were executed for creating amenities for the pilgrims. The temporary works included levelling of land in the river bed, construction of pontoon bridges, chequered plate roads, barricading, parking etc. The significant audit observations related to temporary works are discussed in the succeeding paragraphs:

[85] (i) Sadan Lal Nishad and (ii) Gopal Das.

3.3.7.1 Land development work-levelling of river bed

The State Government sanctioned ₹ eight crore for levelling of KM area in the vicinity of river Ganga and Yamuna for organising KM. KMA issued (October 2018 to November 2018) work orders to three contractors, *viz.,* M/s Swastik Construction, M/s Narayan Associates and M/s Maa Bhavani Construction for carrying out the levelling work using tractors. As per terms and conditions of the contracts, the contractors were to raise invoices on monthly basis along with a certificate of concerned SDM/employees regarding work completed. The three contractors' bill of ₹ 4.43 crore for levelling works were approved against which ₹ 3.66 crore was paid (July 2019). Scrutiny of records revealed:

- In respect of levelling work done by two contractors, *viz.*, M/s Narayan Associates and M/s Maa Bhavani Construction, verification reports certified by the sector supervisors and sector magistrates did not have vital details regarding registration number of the tractors employed for levelling work, though this detail was required as per format of the verification report.

The State Government stated (May 2020) that for making payments to vendors engaged in levelling works for river bed, verification reports and verified log books were received from sector supervisors and sector magistrate in the KM area. While making the running payments, some sector reports were submitted mentioning only the number of tractors deployed and the number of hours worked. The State Government further added that all details including vehicle numbers, etc., were duly compiled in the final report. However, the final report or the said log books were not provided in support of the reply. Thus, audit could not derive assurance regarding the quantity of work done *vis-à-vis* payment to the contractors.

- Audit verified the registration numbers of 32 tractors mentioned in the verification reports pertaining to M/s Swastik Construction, with the records of the Regional Transport Office, Prayagraj. The cross verification disclosed that the registration numbers of four out of 32 tractors belonged to a moped, two motorcycles and a car.

The State Government stated (May 2020) that the four registration numbers which appear to be incorrect, was a typographical error which could have happened because of poor quality photographs of the registration papers of the vehicles.

The fact remains that the veracity of verification report or documents submitted by contractors, which were the basis for payments to contractors, were doubtful.

3.3.7.2 Barricading work

Photograph No. 3.3.3

Barricading work

Erection of barricading is one of the important components during a public gathering for crowd management. During KM 2019, barricading works were carried out by KMA, Home (Police) Department and PWD.

KMA concluded (27 November 2018) a contract with a firm for erection of barricading in KM area at the agreed rate of ₹ 160 (two rows barricading) and ₹ 180 (three rows barricading) per running feet. Further, Home (Police) Department also got the work of barricading done during KM from the same firm at the rates agreed by KMA.

Audit scrutiny revealed that KMA did not prepare an estimate for the barricading work prior to initiating the tendering process, which was in violation of codal provisions as discussed in Paragraph 3.3.4.1. Besides, the contracted rates of KMA for barricading work were not reasonable, since PWD had contracted (15 November 2018) with another contractor for carrying out similar kind of barricading work[86] in the KM area at ₹ 46 per running feet. Further scrutiny revealed that PWD had prepared (November 2018) an estimate for carrying out three rows barricading works in the parking area at the estimated rate of ₹ 46 per running feet, which was based on the Schedule of Rates (SoR) for district Prayagraj (*Kumbh Mela*) effective from February 2018.

Thus, KMA awarded the contract for barricading works without analysing the reasonableness of rates in the absence of a benchmark price in the form of estimates. As a result, the rates on which KMA executed the contract were much higher (291 *per cent*) than the prevailing market rates explored by

[86] The specification of size of barricading (size of ballis) in case of KMA was – (a) diameter of balli – vertical: four to five inches and horizontal: three inches (b) digging under the ground two feet (61 cm). In case of PWD, the specification of size of barricading (size of ballis) was – (a) diameter of balli – vertical: 15 cm (5.9 inch) to 20 cm (7.8 inch) and horizontal: 10 cm (3.9 inch) to 15 cm (5.9 inch) (b) digging under the ground 45 cm.

PWD. KMA and Home (Police) Department cumulatively executed 2.65 lakh running feet barricading work at the cost of ₹ 4.46 crore[87], which could have been executed at the cost of only ₹ 1.22 crore ***(Appendix-3.3.12)*** as per the PWD agreed rate. Thus, KMA could have avoided extra expenditure of ₹ 3.24 crore[88] on barricading works if due diligence had been exercised for determining reasonable rates before awarding work.

The State Government stated (May 2020) that a methodical, open, transparent tender process was adopted by the Mela Authority and all efforts were made to discover the best rate for barricading work. It further stated that the rates secured by PWD were for short-term deployment (including single day events), while the rates procured by KMA were for a significantly higher duration of 50 days and in addition to barricading, vendors were required to set up nets for enhanced safety and security.

The reply was not acceptable, as the contract executed by PWD was also for the entire KM period and the specifications of barricading were the same in both the contracts (KMA and PWD). Further, had KMA prepared an estimate for barricading works based on the SoR of PWD, it would have been possible for KMA to set a benchmark price before issuing the tender. The award of similar work for KM on two different rates by KMA and PWD was also indicative of absence of coordination between two departments, which led to extra avoidable expenditure of ₹ 3.24 crore on barricading works.

3.3.8 Health and Sanitation Services

Health and sanitation services constitute a significant component of crowd management in a public gathering. The arrangements made by the State Government in respect of sanitation services included creation of 89,494 temporary toilets, 17,910 urinals and round-the-clock cleaning and sweeping in KM area. The temporary toilets and urinals of different specifications[89] were created using Fibre Reinforce Plastic (FRP), steel and cloth (*kanath*) to optimise cleanliness and environmental protection. The waste disposal of the toilets and urinals was managed through the septic tank, soak pits and also through sewer lines laid in a portion of the KM area. Arrangement for the management of solid waste was made by providing vehicles for collection and transportation of solid waste up to the processing plant. As regards health services, 12 temporary hospitals and 25 First Aid points (FAP) were created in the KM area to deliver routine and emergency health services for the pilgrims. In this context, significant audit observations are discussed in succeeding paragraphs:

[87] KMA had approved deduction @ 35 *per cent* from the bill of contractor due to inferior quality work.
[88] The final payment in respect of barricading works was awaited from respective departments (November 2020).
[89] 6648 FRP toilets with septic tank, 7273 FRP toilets with soak-pit tank, 8119 Pre-fabricated steel toilets with septic tank, 21204 Pre-fabricated steel toilets with soak-pit tank, 35569 *Kanath* toilets (without O&M), 2957 Kanath toilets (with O&M), 7724 Tin toilets with soakpit and 17910 FRP Urinals with septic tank.

3.3.8.1 Award of works for FRP toilets

Photograph No. 3.3.4

FRP toilets in mela area

KMA invited (February 2018) Expression of Interest (EoI) from the prospective firms for renting, operating and maintaining community/public toilets, individual tentage toilets and urinals at KM. Audit noticed that in response to EoI, the technical proposals of 12 firms were evaluated by a committee (March 2018) and thereafter, benchmark rental cost per unit were fixed for erection, operation and maintenance of various types of toilets and urinals for a duration of three months, which was ₹ 38,000 in case of FRP with tank/soak pit.

Subsequently the office of Additional Director, Medical Health and Family Welfare, Prayagraj Division Prayagraj (AD) invited (June 2018) open tenders (Notice Inviting Tenders-NITs) requesting proposals for empanelment of agencies to undertake renting, operating and maintaining the toilets and urinals for KM. Four bidders submitted the bids for FRP toilets of which three bids were qualified for financial bid evaluation held in July 2018. Subsequently, AD awarded the works of erection of FRP toilets to M/s Lalloo Ji and Sons (3,000 septic tank and 5,000 soak pit), M/s Bhutani (2,000 septic tank and 1,500 soak pit) and M/s Anchor (2,000 septic tank and 1,000 soak pit) at the negotiated per unit cost of ₹ 42,000 and ₹ 36,000 for FRP (septic tank) and FRP (soak pit) toilets respectively.

Audit observed that the benchmark price fixed by the committee for FRP (with tank/soak pit) was above the lowest EoI prices quoted by the firms[90] and the contracted rates were further higher, as detailed in **Table 3.3.1.**

Table 3.3.1: EoI rate, benchmark rate and contract rate in the renting of FRP toilets

Types of toilet	No. of toilets constructed	Lowest EoI rate (in ₹)	Highest EoI rate (in ₹)	Benchmark rate in ₹ *(in per cent higher with respect to col. 3)*	Contract rate ₹ *(in per cent higher with respect to col. 4)*
(1)	(2)	(3)	(4)	(5)	(6)
FRP (Septic Tank)	6,648	34,000	40,000	38,000 (*12*)	42,000 (*5*)
FRP (Soak pit)	7,273	26,000[91]	35,000	38,000 (*46*)	36,000 (*3*)

(Source: information provided by AD, MH & FW).

[90] Out of four firms provided on-site demonstration during technical presentation to EoI Committee, only three firms had quoted for FRP toilet.

[91] Audit noticed that the technical committee for evaluation of EoI had equated FRP (Soak pit) with FRP (without tank) for benchmark costing of various types of toilets.

As noticed from the minutes of technical committee for evaluation of EoI, there was no justification for fixing the benchmark price and keeping the same benchmark price for FRP (septic tank) and FRP (soak pit). Further, in case of soak pit FRP toilets, benchmark rate was fixed even in excess of the highest EoI rates. It was also not evident what further improvement was anticipated by the committee in proposal of lowest EoI bidder for FRP toilets which led to increase in the benchmark rental cost.

Audit noticed that among the three bidders, M/s Lalloo Ji and Sons quoted the lowest rates, *i.e.*, ₹ 44,000 per unit for FRP (septic tank) and ₹ 36,000 per unit for FRP (Soak pit) toilets. However, the per unit cost quoted by M/s Lalloo Ji and Sons in response to NIT was 21 *per cent* above in case of FRP (septic tank) and 24 *per cent* above in case of FRP (soak pit) as compared to its quoted per unit cost in EoI. Audit further observed that a financial bid discussion meeting was held (July 2018) with the participation of authorities of PMA, Medical Health and Family Welfare Department and representatives of the bidders. During the discussion, M/s Lalloo Ji and Sons reduced its quoted rates for the FRP toilets (septic tank) to ₹ 42,000 from earlier quoted rate of ₹ 44,000 per toilet. However, it could not be ascertained from the minutes of the meeting whether the officials discussed with the bidders the substantially enhanced bids with respect to the rates offered by them in EoI. Since two other bidders agreed to execute the work at the rates revised by M/s Lalloo Ji and Sons, AD divided the work among the three bidders and concluded contracts with them. Pertinently, all three successful bidders had participated in EoI and offered lower rates during EoI.

Thus, the entire process of price discovery was unreliable, as the participating firms had substantially increased the per unit cost of FRP toilets within a period of three months between EoI and NIT. Had works been awarded to the firms at the EoI rates of L1 vendor, *i.e*., at the rate of per unit cost of ₹ 36,500 for FRP (septic) and ₹ 29,000 for FRP (soak pit) toilet, there was a possibility of saving of ₹ 8.75 crore[92] of public money on erection of 13,921 FRP toilets[93]. Even if the works were awarded at highest EoI rates, there would have been saving of ₹ 2.06 crore.

The State Government stated (May 2020) that the purpose of EoI was only to conduct market research, not to ascertain rates and as per procurement norms, the rates in which contracts were awarded, could only be discovered through Request for proposal (RFP) which was done in this case. Further, in the EoI, the detailed scope of work was not defined and hence from learning of KM 2013, Ujjain Simhastha (Kumbh) 2016, *Magh Mela* Prayagraj 2018 and EoI (*Kumbh Mela*) February 2018, a RFP was prepared. The period of deployment in EoI taken out for market assessment of temporary toilets' requirement was 60 days, whereas the period deployment in tender document was 90 days. The Government further added that there was an increase in the scope of work, such as toilet cabins were to be of FRP, minimum size (3 feet x 3 feet x 7 feet), lockable door, proper arrangement for ventilation and lighting, superior

[92] FRP (septic): 6,648 toilets @ ₹ 5,500 = ₹ 3.66 Crore & FRP (Soak pit): 7,273 toilets @ ₹ 7,000= ₹ 5.09 Crore.

[93] Total payment for renting, operating and maintenance of 13,921 FRP toilets was ₹ 42.76 crore.

quality of water proofing, cleaners with necessary personal protective equipment, ICT based monitoring mechanism, deployment of jet spray machine for cleaning of toilets, etc. The State Government further stated that the rates were negotiated with the L1 bidder with increased scope of work and then all other bidders were on boarded to provide supply/rental at the negotiated L1 rates.

The reply was not acceptable, as the EoI rates were also obtained for 90 days. Further, the technical committee for evaluation for EoI had mentioned in its minutes that they had studied the deployment of toilets in Ujjain Simhastha (*Kumbh*) 2016 and on-site demonstration done during *Magh Mela* 2018. Hence, it could be reasonably concluded that benchmark cost for per unit toilet was fixed after taking into account all the above factors, which have been cited by the Government as a reason for change in RFP and contracted cost. In addition, there was no significant difference in specification offered by vendors in EoI *vis-à-vis* RFP. Thus, the entire process of awarding works for FRP toilets, including fixation of benchmark costs and negotiations with bidders, lacked transparency and was fraught with risk of collusion due to which Audit could not derive assurance that the contracts were executed at a reasonable rate.

3.3.8.2 Excess payment to contractors

As per term of the contracts, the suppliers were to set up the toilets and urinals by 10 January 2019 and the contractual period of 90 days was to commence from that date. Test check of records revealed that the suppliers set up 1,256 toilets and 1,560 urinals with delays of 17 to 19 days from 10 January 2019. Since these toilets and urinals were not set up for the full contracted period of 90 days, it was expected that the hire charges in respect of these units should have been proportionately reduced. However, AD paid the hire charges at the full rate, which resulted in excess payment of ₹ 1.27 crore[94] to the contractors.

The State Government stated (May 2020) that a majority of toilets were established and made functional before 10 January 2019. However, the remaining toilet units could not be established by the deadline because they were to be established on the land which was made available very late due to changing course of the rivers. It was further added that full payment had to be made to the vendors as it was not their fault in delayed establishment of toilets.

[94] Excess payment on hire charges due to non-deduction on account of delayed installation of toilets/urinals:

Name of Contractor	Details of delayed installation of Urinal/Toilet			Per unit rate of Urinal/Toilet for 90 days (in ₹)	Excess Payment (₹ in lakh)
	Type of Urinal/Toilet	Number	Delay in days		
M/s Lalloji & Sons	Toilet - type I/II	400	19	36,000	30.40
	Urinal- type III	280	19	16,000	9.46
M/s Bhutani	Urinal- type III	400	17	16,000	12.09
M/s Anchor	Toilet - type I/II	436	17	36,000	29.64
	Toilet – type V/VI	420	17	23,800	18.88
	Urinal- type III	880	17	16,000	26.60
Total					**127.07**

The reply was not acceptable, because in the organization of KM on the river bed, delay in change in river course was an expected event and it should have been factored into the contract documents.

3.3.8.3 Non-recovery of performance security from contractors

According to the condition of the contracts for setting up toilets and urinals, performance security at the rate of 10 *per cent* of the contract price was to be obtained from the contractors in the form of Bank Guarantee. However, scrutiny of records revealed that the prescribed performance security was not recovered from two contractors, M/s Lalloo Ji & Sons (₹ 3.34 crore) and M/s *Surbhi Gramin Vikas Samiti* (₹ 0.59 crore), thereby extending an undue advantage to both contractors.

The State Government stated (May 2020) that on the request of the vendors (M/s *Surbhi Gramin Vikas Samiti* and M/s Lallooji & Sons) and in view of materializing the overall goal of keeping the *KM* area open defecation free, deduction of the performance guarantee from the running bills of the vendors was allowed instead of taking the entire amount at the beginning.

The reply was not acceptable, as the contractors were under contractual obligations to deposit the bank guarantee at the rate of 10 *per cent* of the contract price. Further, out of required performance security of ₹ 6.68 crore, only ₹ 3.34 crore was deducted towards performance security from the bills of M/s Lalloo Ji & Sons and similarly, there was short deduction of ₹ 0.59 crore from the running bills of M/s *Surbhi Gramin Vikas Samiti*, resulting in undue advantage of ₹ 3.93 crore to the contractors.

3.3.8.4 Engagement of temporary labourers for sweeping

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF Act) lays down that an employer in respect of any establishment employing 20 or more persons or class of such establishments which the Central Government may specify in this behalf, is required to get the labourers registered under the EPF Act. Further, the EPF contribution at the rate of 25 *per cent* of the wages (12 *per cent* labourer contribution and 13 *per cent* employer contribution) in respect of the labourers whose monthly salary/remuneration is ₹ 15,000 or less, was to be deposited in the account of the Employees Provident Fund Organisation. Central Government notified (March 2001) that EPF Act would apply to an establishment engaged in rendering cleaning and sweeping services.

Audit observed that AD[95] employed 9,483 labourers (semi and unskilled) on temporary basis for performing round the clock sanitation work in KM area for which wages of ₹ 24.91 crore was paid. However, AD did not make the required EPF contributions to Employees Provident Fund Organisation.

The State Government stated (May 2020) that the labourers were engaged under *maith* system through recruited *Jamadars* on a daily wage basis, wherein registration for EPF for the short duration of three months was not feasible as all the sanitation workers were recruited in increasing order and

[95] Additional Director, Medical Health and Family Welfare, Prayagraj Division Prayagraj

health department terminated their services in decreasing order as per the requirement of works. Government further added that traditionally, there had been agitations and strikes among various workers at KM and any deduction, even as well-intentioned as EPF contributions, would have been met with hostility by the temporary labourers, thereby adversely impacting the sanitation and cleanliness efforts at the KM area.

The reply was not acceptable, as the contribution towards EPF Act was mandatory for employers, which was not deducted and deposited.

3.3.9 Environmental health

3.3.9.1 Management of Municipal Solid Waste

Improper Management of Municipal Solid Waste (MSW) causes environmental pollution and is a source of infection. Therefore, management of MSW generated during KM was of utmost importance. Under the arrangements made for the management of MSW during KM, collection and primary transportation of MSW from KM area to the dumping stations were to be performed by AD, Medical Health and Family Welfare Department[96] whereas the secondary collection, transportation and disposal of MSW at the processing plant was entrusted to PNN.

Audit observed that the processing plant of PNN at Banswar[97], Prayagraj was inoperative since October 2018, *i.e.*, before the start of KM, and was not activated even till the end of the KM. As a result, MSW collected from the KM area and the city area during the period of KM was dumped at the processing plant site without any processing of MSW, as detailed in **Table 3.3.2.**

Table 3.3.2: Transportation and Processing of MSW

Month	MSW transported to the processing plant (in MT)			MSW processed at the plant (in MT)
	Municipal area	KM area	Total	
January 2019	16,219.88	2,919.48	19,139.36	00
February 2019	12,202.48	5,986.43	18,188.91	00
March 2019	14,558.07	840.27	15,398.34	00
Total	**42,980.43**	**9,746.18**	**52,726.61**	**00**

(Source: information collected from PNN)

Audit further observed that due to inoperative MSW processing plant, there was a massive scrapheap of MSW weighing 3,61,136 MT at Banswar plant site, which was further piled up during January 2019 to March 2019 by additional collection of 52,727 MT MSW. As per information provided by PNN, 9,947 MT of MSW collected during KM were processed at Banswar plant during June 2019. Thus, scrapheap of unprocessed MSW in the vicinity of KM area remained a health hazard with serious ramifications *vis-à-vis* pollution of soil, water and air.

The State Government stated (May 2020) that for scientific disposal of waste generated during KM, the Directorate of Urban Local Bodies provided ₹ 40

96 Collection and transportation of MSW from the city area was done as usual by PNN through service provider.

97 The processing plant established by PNN at Banswar, Prayagraj was run under Public Private Partnership (PPP) for regular management of MSW of the Prayagraj municipal area.

lakh funds for the repair and maintenance of the machine in Banswar processing plant and ₹ 35 lakh for processing of the waste. Government further stated that all the waste accumulated during the KM 2019 was processed and tender had been floated by the State Government for scientific disposal of remaining waste generated within Prayagraj Municipal Area during January 2019 to March 2019, along with older waste. It further added that the scrapheap was about 16 km away from the nearest KM area and MSW was lying inside the premise of Banswar plant and it did not pose a direct risk to public health.

The fact remains that the Banswar plant remained inoperative during KM. Further, the State Government was yet to make arrangements (May 2020) for disposal of collected MSW at Banswar plant, which is situated at an air distance of merely 4-5 km from the KM area due to which the pilgrims who visited KM area remained at risk.

- ***Underutilised compactors***

PNN procured 40 compactors[98] at an expenditure of ₹ 13.27 crore for transportation of MSW from KM area. Records revealed that apart from these 40 compactors, 15 more compactors (total 55 compactors) were deployed by PNN for 76 days for secondary collection and transportation of MSW from KM area to the processing plant at Banswar, Prayagraj.

Scrutiny of records however revealed that the compactors deployed in KM remained underutilised as 22 out of 55 compactors performed only one to 10 trips, 22 compactors performed 11 to 30 trips and 11 compactors performed 31 to 56 trips during the 76 days' deployment in KM. It was also observed that 9,746 MT MSW was transported by these 55 compactors. Based on the capacity of the compactors, Audit assessed that 9746 MT MSW could have been transported by deploying only 10 compactors[99]. This indicated that PNN could have deployed lesser number of compactors with a resultant saving of the operating costs. Hence, 40 new compactors at a cost of ₹ 13.27 crore remained underutilised.

The State Government stated (May 2020) that to achieve the vision of *Divya Kumbh, Bhavya Kumbh,* it was essential that cleanliness and sanitation levels in the *Mela* are unprecedented. In view of a larger area than that in previous *Melas*, two compactors and six mini-tippers in each sector were deployed. The reply was not acceptable, as 22 out of 55 compactors performed only one to 10 trips which indicated that assessment of requirement of compactors for KM area was excessive.

Further, audit test-checked the log books and records of receipt of MSW at Banswar plant in respect of randomly selected eight out of the 55 compactors deployed in the KM area. It was noticed that as per the records of the Banswar plant, five out of the test checked eight compactors had not delivered the MSW on 21 different dates during KM but the log books of these compactors

98 A special purpose vehicle used for transportation of MSW.

99 Based on the capacity of compactor (10 MT) and MSW generated (9746MT/10MT*3 trips*76 days=4.28, say 5 compactors); including five compactors for backup.

showed the journey between KM area and Banswar plant. The above irregularities were noticed in respect of test-checked eight vehicles only, hence, the possibility of similar irregularities in respect of other vehicles cannot be ruled out.

The State Government stated (May 2020) that on the respective dates, refuse compactors were used in KM area to collect MSW and, therefore, did not reach at the plant on the dates mentioned by Audit. The Government further stated that drivers and helpers were hired by PNN and there was a possibility of human errors while filling the logbook as they were not trained.

The fact remains that the information recorded in logbooks was erroneous, which requires further investigation by the department.

3.3.10 Quality assurance

Quality assurance is essential for creating physical infrastructure and provisioning of goods and services, as it would contribute towards providing a safer/accident free environment for the mela. This was to be ensured through the regular prescribed mechanism of laboratory testing as well as through third party inspections. The audit observations in respect of quality assurance have been discussed in the succeeding paragraphs:

3.3.10.1 Quality assurance through laboratory testing

The Government order (August 1996) prescribed a mechanism for ensuring quality testing of road works. The mechanism included that 25 *per cent* test samples would be sent to Research Development and Quality Promotion Cell (QPC) and Research Institute (RI) Lucknow; 25 *per cent* of test samples would be sent to Regional Laboratory, Meerut[100]; and the remaining 50 *per cent* test samples would be sent to district laboratories for quality testing. Apart from this, every contract bond includes the provision that the contractor shall establish a field laboratory for carrying out mandatory tests as prescribed in the specification.

Audit, however, observed that the prescribed quality testing through QPC, RI and district laboratories was not conducted in respect of any of the test-checked 24 road works executed by PWD. PNN also did not carry out any quality testing of material and workmanship in respect of 35 road works. Besides, Audit also did not find any evidence in the records in respect of quality tests carried out by the contractors in the site laboratories.

The concerned Departments stated that the quality testing was to be done by a Third Party Inspection Agency (TPIA). As per Government order (August 1996), the primary responsibility of quality testing rested with the Department itself and the mechanism prescribed by GO was not substituted by third party inspection. Thus, the pretext of third party inspection was used to avoid the mandated quality assurance tests for the KM works and was tantamount to a dilution in the required oversight by the concerned Department, which was a serious transgression of the GO.

[100] In regions where regional laboratories are not available, 25 *per cent* test samples were to be sent to QPC and RI.

The Government stated (May 2020) that the quality tests in respect of all works were carried out by the TPIA. It added that the contractors also conducted required quality tests in their laboratories and in some cases, quality tests were conducted through Moti Lal Nehru National Institute of Technology, Allahabad. The Government, however, did not explain the circumstances under which the quality testing through QPC, RI and District laboratories were not conducted.

3.3.10.2 Quality assurance through Third Party Inspections

PMA engaged an independent (Third Party Inspection Agency-TPIA) for maintaining the quality of the works and for monitoring the quality of input materials so as to have the finished product to the desired specifications. Term of Reference (ToR) in respect of TPIA stipulated that TPIA shall carry out quality assurance and certification of all the works as per prescribed technical specifications.

Out of 59 road works test-checked in audit, the quality test reports of TPIA in respect of 30 works were not provided to Audit as a result, no assurance could be derived regarding quality of these road works. In respect of remaining 29 test-checked road works, Audit noticed from TPIA reports that quality test was not conducted in four works, whereas in 25 road works, 80 *per cent* to 96 *per cent* of required quality tests were not carried out by TPIA ***(Appendix 3.3.13)***. The significant tests not carried out by TPIA included California Bearing Ratio and moisture content test in respect of Granular layers and quality of binder, rate of spread of binder, water absorption capacity of aggregate, plasticity index, mix grading and stability of mix in respect of bituminous works.

Audit further noticed that TPIA reported at least one shortcoming in all such works and suggested for carrying out rectifications and/or imposing penalty on the contractors, as per requirement. However, audit could not examine the action taken by PWD on the report of TPIA, as PWD did not provide records regarding work-wise penalty imposed on the contractors in view of deficiencies reported by TPIA.

Further, in respect of works of temporary nature, TPIA carried out visual inspections and Department accordingly imposed a recovery of ₹ 52.01 crore[101] from the contractors/suppliers on account of poor quality of material and workmanship.

The State Government stated (May 2020) that all tests were carried out by TPIA as per the agreement. The reply was not acceptable, as many of the significant quality tests were not carried out by the TPIA as depicted in ***Appendix-3.3.13***. Further, quality test reports in respect of 30 test-checked road works and records relating to penalty imposed on contractors due to inferior quality of road works were not provided to Audit.

[101] ₹ 49.00 crore in toilets & urinals, ₹ 2 crore in tin and tentage, ₹ 0.08 crore in temporary construction of six camp office of Food & Civil Supply and ₹ 0.93 crore in the barricading works executed by KMA.

3.3.10.3 Non-verification of quality of bitumen

As per State Government order (May 2009), Executive Engineers (EEs) of the PWD divisions were to obtain Consignee Receipt Certificates (CRCs) from the contractors in respect of procurement of bitumen for the contracted works before making payments. The veracity of the CRCs was also required to be verified from the concerned oil companies.

Scrutiny of records revealed that in the construction/strengthening of 26 road works, 8,153 MT bitumen ***(Appendix-3.3.14)*** was used against which the respective contractors did not submit the CRCs for 7,121 MT bitumen (87 per cent). However, the divisions in contravention of the Government order, made the payment to the contractors. Besides, the required verification of the CRCs (1,032 MT) submitted by the contractors with the oil companies were also not done by the concerned divisions of PWD. Thus, the quality of the bitumen used in the road works was not verifiable.

The Government stated (May 2020) that CRCs in respect of entire bitumen used in roads works were submitted by the contractors. The reply was not verifiable as the divisions of PWD, despite requests, did not provide the CRCs to Audit in respect of 7,121 MT bitumen used in the road works. In respect of non-verification of CRCs from the respective oil companies, no reply was furnished by the State Government.

3.3.11 No long term perspective plan based on norms/criteria for creation of infrastructure and facilities for *Kumbh Mela*

Maha Kumbh Mela, *Kumbh Mela* and *Magh Mela* are held in Prayagraj every twelve, six and one year respectively. Significant expenditure are incurred on the creation of permanent and temporary infrastructure in this concern. Therefore, a long term perspective plan based on proper/scientific assessment of requirement of infrastructure and facilities for the pilgrims is the foremost necessity in order to create/augment the infrastructure/facilities optimally and to avoid unnecessary provisioning. It was imperative for the concerned departments/agencies, to put in place norms/criteria for creation of various infrastructures and facilities during *Kumbh Mela* on the basis of which the departments/agencies should prepare Detailed Project Report (DPR) for execution of works. Standard Operating Procedures (SOPs) for procurement of goods/materials within the framework of government rules and regulations should also be devised and adopted to ensure procurement of goods/material efficiently and economically. A detailed plan for post *Mela* utiliastion of the goods and materials, procured should also be drawn up so that the goods / materials procured at huge cost may be utilised optimally after end of the *Mela*. Further, the departments/agencies should also consider dovetailing the schemes/programmes of the governments, implemented with the similar objectives/purposes, such as construction/upgradation of the roads, bridges, street lights, electricity equipment, etc. to avoid duplication and to ensure that goods and material taken back from KM be accounted for in the regular budget estimate/demands for funds of the organisations, they are being used.

Audit, however, did not find any evidence in the records of the test checked offices regarding adoption of any norms/criteria for creation of infrastructures/services during KM and also for post *mela* utilisation of goods and material. The Departments prepared the DPRs without any set norms/criteria due to which Audit could not draw assurance over the scale of the arrangements, both in term of quantity and quality, stated to have been created by the departments. Besides, in absence of specific SOPs for procurement of goods and material for KM, procurement process could not be completed timely as discussed in paragraph 3.3.3.

In respect of post *mela* utilisation of goods and material, Home (Police) Department issued (March to April 2019) orders to allot the vehicles and other equipment procured by the Home (Police) Department for KM to the offices in other districts without specifying mechanism/criteria for such allocations and directions for accounting of these receipts at the level of these offices. Besides, Additional Director, Medical health and Family Welfare informed to Audit that the unutilised medicines and other consumables were allotted to other offices of the department for further utilisation.

The Government stated (May 2020) that it should be noted that no norms existed for setting up of such infrastructure at the scale of *Kumbh Mela*. However, in keeping with the transparency and meticulous planning that became the hallmarks of this *Kumbh Mela*, the Authority attempted to incorporate norms for this as well. Fact remains that no norms/criteria were prepared by the departments for creation of infrastructures/facilities which could be benchmarked for planning and execution during subsequent *Kumbh Melas* and *Magh Melas*.

3.3.12 Conclusion

Kumbh Mela 2019 was organised successfully, however, scope exists for improvement to ensure the desired level of economy and efficiency in the creation of infrastructure and delivery of services. Expenditure was incurred over and above the Government's sanctions, as a result, payments to contractors was still pending. The procurements and construction works did not follow the tenets of competition and transparency and there were instances of execution of works at higher prices/cost and non-adherence to the orders of the Government. Management of solid waste was not adequately addressed.

3.3.13 Recommendations

- *Magh Mela, Kumbh Mela and Maha Kumbh Mela are organised at fixed intervals. The State Government, therefore, may consider framing norms and standards in respect of quantity and quality of the infrastructure and services required for the visiting pilgrims. Standard Operating Procedures (SOPs) for procurement of goods/materials within the framework of government rules and regulations should also be devised;*

- *Expenditure and budgetary controls need to be tightened in accordance with the extant rules and laws. The State Government should also ensure to* *release funds from single budget head to keep effective vigil over the sanctions and expenditure thereagainst. Cases of excess expenditure over sanctions should be regularised, adhering to the laid down procedures;*

- *Process of selection of contractors/suppliers should be transparent, fair, competitive and in sync with the provisions of the financial rules, Government orders, manuals, guidelines of Central Vigilance Commission etc;*
- *Provisions included in proposals/estimates of construction works should be based on detailed surveys and adequate preparatory work as per IRC provisions and orders of Government, E-in-C, PWD;*
- *Waste Management infrastructure and facilities should be augmented at appropriate scale to provide safe, hygienic and healthy environment for the visitors during melas; and,*
- *The regimen of quality testing prescribed by the State Government should be meticulously followed for maintaining quality in the execution of works. Ensuring proper monitoring and quality control would also contribute towards providing a safer/accident free environment for the mela.*

VOCATIONAL EDUCATION AND SKILL DEVELOPMENT DEPARTMENT

3.4 Audit of Upgradation of Government Industrial Training Institutes in Uttar Pradesh

3.4.1 Introduction

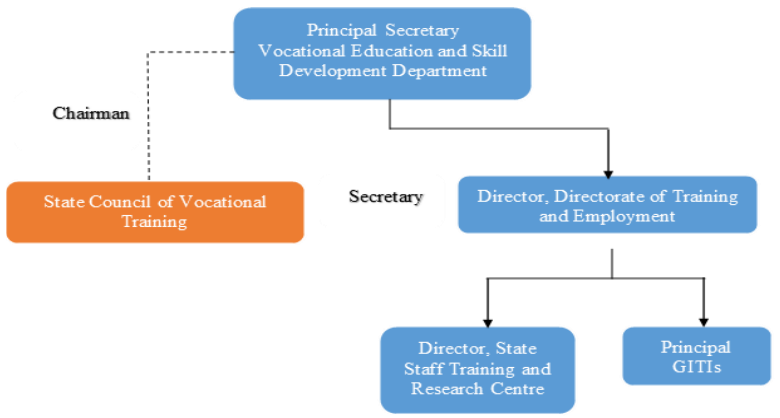
Under the Constitution of India, vocational training is a concurrent subject and thus both the Central and State Governments share responsibility for effective implementation of vocational training system in the country. Pursuant to the initiative of Government of India (GoI) under Craftsmen Training Scheme[102], Industrial Training Institutes (ITIs) were set up to provide vocational training in various trades. National Council of Vocational Training (NCVT), having representatives from GoI, State Governments, employers' and workers' organisations, etc. has been constituted at the national level to extend advice to the GoI in respect of ITIs. Correspondingly, State Council of Vocational Training (SCVT) advises the State governments in respect of vocational training at the State level.

As on October 2020, there were 308 Government ITIs (GITIs) in Uttar Pradesh. GITIs offer craftsman training courses in 49 engineering and 21 non-engineering trades for durations varying from one year to two years. The entry-level qualification varies from Class VIII to Class X pass depending upon the trade. After completion of craftsmen training, GITI trainees are awarded NCVT/SCVT certificate, depending upon affiliation of GITI training course, which is recognized for the purpose of recruitment to the subordinate technical posts at the shop floor level.

3.4.1.1 Organisational set-up

In Uttar Pradesh, the Department of Vocational Education and Skill Development (Department), headed by the Principal Secretary along with the Directorate of Training and Employment (DTE) are overall responsible for administering of GITIs in the State. Each GITI is headed by a Principal.

Chart 3.4.1 : Organisational Chart



[102] Craftsmen Training Scheme (CTS) was introduced by the Government of India in the year 1950 to ensure a steady flow of skilled workers in different trades for the domestic industry, to reduce unemployment among the educated youth by providing them employable skills and to cultivate and nurture a technical and industrial attitude in the minds of the younger generation. Under the scheme, vocational training is provided through the network of ITIs in the State. The day-to-day administration of ITIs under CTS was transferred to the State Governments with effect from the year 1956.

The State Council of Vocational Training (SCVT) is responsible for conducting entrance examinations for admission in ITIs, examinations for trainees enrolled under various NCVT/SCVT trades in the State and course development, recognition and certification for ITI courses. State Staff Training and Research Centre (SSTRC) organises refresher courses for instructors of GITIs.

3.4.1.2 Scope of Audit

GoI launched two schemes, namely "Upgradation of 1396 GITIs through Public Private Partnership" (PPP scheme) in 2007-08 and "Upgradation of existing GITIs into Model ITIs" (Model GITI scheme) in 2014-15 to improve the employment outcomes of trainees passing out from GITIs. In Uttar Pradesh, Vocational Education and Skill Development Department is the nodal department for implementation of schemes. The compliance audit of implementation of both schemes in Uttar Pradesh was conducted to assess the appropriateness of planning and financial management of the upgradation schemes, the economy and efficiency in implementation of the schemes and the adequacy of the monitoring mechanism.

Records related to planning, implementation and monitoring of the schemes for five years from 2014-15 to 2018-19 were examined in the Department, DTE, SCVT and SSTRC at the State level. For selection of GITIs, seven districts[103] (10 *per cent*) were selected[104] and all 19 GITIs[105] covered under PPP scheme in these seven districts were included in the sample. Besides, two GITIs[106] being upgraded in the State under Model GITI scheme were taken up for audit.

An Entry Conference was held on 21 August 2019 with the Department wherein the audit objectives, scope, criteria, etc., were discussed. An Exit Conference was held on 17 March 2020 in which audit observations included in the report were discussed. The State Government furnished replies in May 2020 which have been suitably incorporated in the report.

3.4.1.3 Framework of schemes

Scheme 1: Upgradation of GITIs through Public Private Partnership

The scheme for 'upgradation of 1396 Government ITIs through Public Private Partnership' (PPP Scheme) was launched by the Directorate General of Employment & Training (DGET) under Ministry of Labour and Employment, GoI in the XI Plan period (2007-08 to 2011-12). The PPP scheme is now implemented by Ministry of Skill Development and Entrepreneurship. In Uttar Pradesh, 115 GITIs[107] were covered under PPP scheme.

Under the scheme, an Industry Partner (IP) was to be associated with every GITI covered under the scheme and an Institute Management Committee

[103] Lucknow, Bahraich, Bijnor, Aligarh, Mahoba, Gorakhpur and Ballia
[104] Using Probability Proportionate to Size without Replacement statistical method
[105] World Bank(W) Aliganj, Charbagh and Charbagh (W) in Lucknow, Nanpara and Rehwa Mansoor Mahsi in Bahraich, Bijnor, Dhampur and Najibabad in Bijnor, Atrauli and Koil in Aligarh, Mahoba and Charkhari in Mahoba, Railway Colony, World Bank (W), Khajni, Campierganj and Barhalganj in Gorakhpur, Rasara and Ibrahimabad in Ballia
[106] GITIs- Saket, Meerut and Karaundi, Varanasi
[107] In 65 districts of the State

(IMC), a registered society headed by the IP[108], was to be constituted in each ITI. The interest free loan of ₹ 2.50 crore was to be released to the IMC directly on the basis of an Institute Development Plan (IDP) prepared by it in a prescribed format. The IDP was to include targets for institutional improvement, Key Performance Indicators as yearly targets for next five years for improving efficiency of GITIs, details of financial requirement with year-wise break-up to meet the needs, the total loan amount sought, proposed changes in training programme, details of revenue generating facilities proposed to be set up, etc.

IMC was to send the IDP to the State Steering Committee (SSC), which was formed[109] by the State Government for overseeing the implementation and monitoring of the scheme. SSC was to examine IDP and forward it to Director General of Employment and Training (DGE&T) of GoI for approval and release of loan to the concerned GITI. A Memorandum of Agreement (MoA) was to be signed among the Central Government, the State Government and the Industry Partner defining the roles and responsibilities of all the parties. Interest-free loan of ₹ 2.50 crore released to IMC Society of the GITI had a moratorium of 10 years to repay[110] the loan.

After receipt of funds, IMC of the selected GITI was to execute the works as per approved IDP and report the progress of financial and physical performance periodically to SSC. The IDPs[111] were still under implementation in all 19 GITIs selected for the compliance audit.

Scheme 2: Upgradation of Government ITIs into Model ITIs

The Ministry of Skill Development and Entrepreneurship, GoI introduced (2014-15) the Model GITI scheme with the objective to develop a benchmark for industry-oriented GITIs which would serve as a model for other ITIs. The scheme was funded by Central and State Government on 70:30 sharing basis. Two GITIs at Saket, Meerut and Karaundi, Varanasi were selected for upgradation in Model ITIs under the scheme.

Similar to PPP scheme, the GITI under Model GITI scheme was to have a functioning IMC and a pre-identified Champion Industry Partner (IP) for implementation of the scheme. IMC was to prepare the implementation plan under the scheme guidelines and a MoA was to be signed among the Central Government, the State Government and the Industry Partner defining the roles and responsibilities of all the parties. The funds released by Central and State Government were to be transferred to the IMC for execution of the implementation plan. The scheme was originally to close in March 2017, but due to slow implementation and low disbursement level, GoI extended the scheme up to March 2020.

[108] In the IMC, the members are as follows: IP or its representative as Chairperson, four members from local Industry to be nominated by the IP in such a way that the IMC is broad-based, five members nominated by the State Government and Principal of the GITI, as ex-officio member secretary of the IMC Society.

[109] Principal Secretary as Chairperson, Director of the Department as member Secretary and eight other members

[110] Repayment in 20 equal annual instalments of ₹ 12.50 lakh

[111] IDPs and its implementation scheduled were revised since the approved IDPs could not be implemented within five years as envisaged in the scheme.

Audit Findings

3.4.2 Selection of GITIs

According to the guidelines of PPP scheme, the GITIs affiliated with National Council for Vocational Training (NCVT) were to be covered under the scheme. In May 2010, the National Steering Committee (NSC) of the scheme decided that the GITIs affiliated with SCVT but established before January 2007 and having their own building and infrastructure could also be considered for selection under PPP scheme, if the State Governments got those GITIs affiliated to NCVT within six months[112].

Audit scrutiny revealed that 26 GITIs out of 115 GITIs selected in the State under PPP Scheme did not fulfil the selection criteria and thus, were not eligible for selection under the scheme, as detailed below:

- Out of the 75 GITIs selected up to May 2010, 11 GITIs did not have affiliation with NCVT.
- After revision in the guidelines in May 2010, 40 GITIs were selected under PPP Scheme. These GITIs were affiliated with SCVT. Out of these 40 GITIs, 15 GITIs were not eligible for selection under the scheme since seven GITIs were established after January 2007 and other eight GITIs did not have their own building.

Audit further ascertained the current affiliation status of the 19 test-checked GITIs ***(Appendix-3.4.1)*** and observed that GITI Barhalganj, Gorakhpur was still running without its own building as well as without affiliation to NCVT, while seven other GITIs were partially affiliated[113] with NCVT.

The State Government stated (May 2020) that in absence of any specific directions from GoI in 2007-08, GITIs recognised by NCVT were given priority in the selection under PPP scheme. It added that by the time of receipt of the revised guidelines in May 2010 from GoI, GITIs were selected and provided loan from GoI. The State Government further stated that subsequent to receipt of revised guidelines in May 2010, the directions of GoI were adhered to.

The reply of the State Government is not tenable, as the guidelines of the PPP scheme applicable up to May 2010 specifically provided for selection of GITIs having NCVT affiliation. The State Government did also not follow the revised guidelines (May 2010) as 15 GITIs selected after May 2010 did not meet prescribed selection criteria. Further, despite implementation of upgradation scheme, some of the selected GITIs were yet to be affiliated with NCVT. Due to not having affiliation to NCVT, trainees who passed out from these GITIs were deprived of NCVT certificate which was tantamount to a forfeiture of obtaining better employment opportunities[114].

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[112] In April 2011, NSC decided that the State Government should affiliate such GITIs with NCVT within two years after receipt of loan.

[113] Some trades were affiliated with NCVT and other trades were affiliated with SCVT.

[114] During Exit Conference, the State Government representatives informed that GITIs are initially affiliated to SCVT and thereafter, these are got affiliated to NCVT after attaining standard since the certificate issued by NCVT is valid at national level.

Model GITI scheme

In respect of Model GITI scheme, the guidelines stipulated that the trades proposed to be upgraded under the scheme must not have been funded under any Central Scheme in the past. Audit, however, observed that electrician trade in the two selected GITIs – Saket, Meerut and Karaundi, Varanasi were previously taken up for upgradation (2005-06 and 2007-08) under other Central schemes[115]. However, electrician trade in both GITIs were also taken up for upgradation under Model GITI scheme, which was not in consonance with the prescribed criteria for the scheme.

The State Government accepted (May 2020) the fact regarding repetition of electrician trade for upgradation under Model GITI scheme. It further stated that this trade was selected as the Model ITI scheme was started after seven/eight years of earlier Central scheme for the improvement of GITIs and Government of India had upgraded the syllabus of most of the trades in the years 2013 and 2014 due to which requirement of equipment for GITIs changed. The reply is not tenable as no such relaxation for selection of already upgraded trades was available under Model GITI scheme.

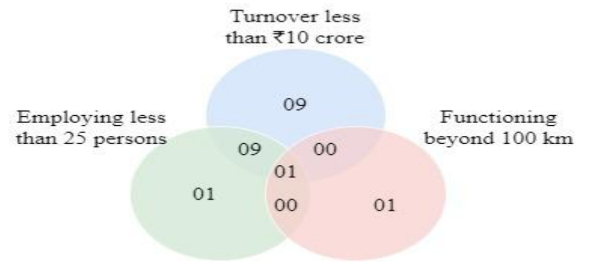
3.4.3 Association of Industry partners

As per the PPP Scheme guidelines (2007-08), for each GITI covered, one Industry Partner (IP) was to be identified by the State Government in consultation with the industry associations. GoI provided more specific criteria in this respect in April 2011 according to which the IP selected should have an annual turnover of more than ₹10 crore, been functional for at least five years with more than 25 employees and located within a radius of 100 km from the GITI. It was envisaged that IPs who were located in and around areas having their own industrial manufacturing or services sector enterprises could contribute significantly by way of time, experience, expertise and resources.

Out of 115 GITIs selected in the State under PPP scheme, 80 GITIs were selected during 2007-11 and 35 GITIs during 2011-12. Since GoI had expected that the State Government would select suitable IPs for each selected GITI, it was imperative for the State Government to adopt explicit operative criteria for assessing the suitability of the IP through a transparent process. However, evidence was not available on record of the DTE having adopted any such criteria for selection of IPs for the GITIs selected during 2007-11 nor was the rationale regarding the criteria adopted by DTE provided to Audit. As regards required consultation with the industry associations for selection of IPs, DTE shared the details of the scheme through a letter in April 2007 addressed to the various industry associations and invited their suggestions. However, there was no assurance regarding efficacy of the consultation process for selection of IPs under the PPP scheme, as one of the industry associations, with whom DTE had shared the scheme details in April 2007, informed (December 2011) GoUP that it was not consulted for nomination of 17 of its members as IP.

[115] Vocational Training Improvement Project (VTIP) scheme in GITI Karaundi, Varanasi (expenditure: ₹ 1.52 crore) and Centre of Excellence (CoE) scheme in GITI Saket, Meerut (expenditure: ₹ 1.16 crore).

Chart 3.4.2: Faulty selection of Industry Partners



(Source: Information provided by DTE)

Further scrutiny revealed that DTE did not also adhere to the explicit criteria for selection of IPs mandated by GoI in April 2011 in respect of identifying IPs for 21 out of 35 GITIs selected for upgradation during 2011-12, as depicted in **Chart 3.4.2**.

The State Government stated (May 2020) that by the time of promulgation of specific criteria by GoI in April 2011 for the selection of IP under PPP scheme, selection of IPs for the all proposed GITIs had been completed with the concurrence of reputed industrial organisations. The reply is not convincing as in effect no tangible recommendation/concurrence in respect of selection of IPs, which could have been potentially beneficial, was sought from the industry associations since only the features of the PPP schemes were disclosed to them in April 2007. Further, IPs for 21 GITIs (60 *per cent*) selected during 2011-12 did not adhere to the criteria.

Model GITI scheme

In respect of Model GITI scheme, the scheme guidelines stipulated that the selected GITIs should be in the major industry cluster with a champion industry partner and the IMC would reassess the existing trades and new requirements for their relevance with local market demand. Thus, a mix of activities with close coordination and integration was imperative to be implemented in order to achieve the objective of the scheme.

Audit, however, observed that in GITI Saket, Meerut, the selected IP was from the surrounding industry cluster of sports goods. However, none of the trades identified for upgradation[116] or new trade proposed to be introduced[117] in this GITI catered to the sports industry sector. On the other hand, in case of GITI Karaundi, Varanasi, the IP was selected from the automobile sector with no manufacturing plant of it in the vicinity.

The State Government stated (May 2020) that trades related to various industrial areas were available in both GITIs, accordingly, the IPs were selected with the approval of GoI, giving prominence to the aspect of employability for the trainees. The fact remains that there was a mis-match in the sector represented by the IP and trades available in GITI Saket Meerut whereas the IP selected for GITI Karaudi, Varanasi did not have a manufacturing plant in the vicinity.

Thus, the selection of the Industry Partner, which was to play a critical role in the success of the two schemes, was done without adhering to the norms in a majority of the cases.

3.4.3.1 Role of Industry Partners

Under the PPP scheme as well as Model ITI scheme, the Industry Partner (IP) was to arrange training of faculty members and on-the-job training to the

[116] Fitter, electrician, machinist, mechanical electronics, welder and fashion technology
[117] Mechanical diesel, COPA (information technology), dress making

students of the ITI. Both schemes envisaged that the IP may contribute financially and/or in terms of machinery and equipment which may be instrumental in furthering the objective of the Scheme.

In the 19 test-checked GITIs, it was found that IPs neither arranged training for faculty of GITIs nor provided on-the-job training to the trainees of the institute. Similarly, in respect of Model GITI scheme, the IPs did not conduct training programmes in the GITI or any activity for upgradation of skills of the existing workforce of the local industrial units, as envisaged in the scheme. As regards industrial attachment of trainees for a minimum of 15 days, in GITI Saket, only 10 trainees were sent for industrial attachment in two spells while GITI Karaundi, Varanasi did not furnish any information in this respect.

Audit further noticed that none of the IP associated with the test-checked GITIs either contributed financially and/or provided any kind of machinery and equipment to the concerned GITIs.

The State Government stated (May 2020) that IPs had provided training to the faculty and extended on-the-job training to the trainees in GITIs, such as GITIs Barabanki, Sitapur, Charbagh Lucknow, Chaukaghat Varanasi, etc. However, Audit did not find evidence to corroborate this in GITI Charbagh Lucknow or any other test-checked GITIs under the PPP scheme. The delivery of such training in GITI Saket, Meerut under Model GITI scheme was also nominal.

Thus, the IPs did not actively participate in the schemes, as envisaged under the upgradation schemes for GITIs, and as a result the faculty/trainees did not benefit with the association of IPs.

3.4.4 Implementation of Institute Development Plan and utilisation of fund

3.4.4.1 Release of funds and expenditure thereagainst

Against release of ₹ 296.85 crore under the two schemes (PPP scheme: ₹ 287.50 crore and Model GITI scheme: ₹ 9.35 crore), ₹ 276.52 crore was spent (PPP scheme: ₹ 267.68 crore and Model GITI scheme: ₹ 8.84 crore) as of March 2019. Scheme-wise and year-wise details of release of funds and expenditure thereagainst have been discussed in **Table 3.4.1** and **Table 3.4.2**.

Fund utilisation status under PPP Scheme

Table 3.4.1: Funding and expenditure under PPP scheme as on 31 March 2019

(₹ in Crore)

Year	Amount Released	Expenditure
Prior to 2014-15[118]	287.50	115.98
2014-15	-	40.63
2015-16	-	66.99
2016-17	-	21.14
2017-18	-	13.40
2018-19	-	9.54
Total	287.50	267.68

(Source: Information provided by DTE)

The scheme stipulated that the courses in the upgraded facilities were to be started from the academic session commencing after the financial year in

[118] Funds under the scheme was released up to 2011-12.

which the loan was released. Thus, infrastructure in the GITIs was required to be developed in the first two years of release of loan. However, there were considerable delays in spending the funds. Scrutiny of records of the DTE further disclosed that in 10 GITIs, including one test-checked, out of the total 115 selected under the PPP scheme, expenditure was less than 70 *per cent* (as of March 2019) of the funds released to them[119]. The low level of expenditure in these 10 GITIs was attributed to purchase of less equipment due to unavailability of own building, non-appointment of regular Principals, non-conducting of meetings of IMCs, etc.

Fund utilisation status under Model GITI Scheme

Table 3.4.2: Funding and expenditure under Model GITI scheme as on 31 March 2019

(₹ in crore)

GITI	Approved allocation	Central allocation	State allocation	Central release	State release	Total release	Total expenditure
Meerut	10.00	7.00	3.00	3.50	1.50	5.00	4.49
Varanasi	9.00	6.30	2.70	3.05	1.30	4.35	4.35

(Source: Quarterly Progress Reports/Utilisation certificates)

Audit observed that both GITIs under Model GITI scheme submitted Utilisation Certificates (UCs) in respect of funds released in the first instalment to GoI with delays[120], which consequently delayed release of second instalment of funds. Further, in GITI, Varanasi, ₹ 3.50 crore and ₹ 4.20 crore were provisioned for civil works and procurement of tools and equipment, respectively. Scrutiny, however, revealed that while the expenditure on civil works was about 67.72 *per cent* of the provisioned amount, the corresponding expenditure on tools and equipment was only 6.70 *per cent* as on 31 March 2019. Thus, funds were not utilised as planned in implementation plan and the thrust was mainly on civil work which led to delay in upgradation of trades in GITI, Varanasi.

The State Government stated (May 2020) that the available funds were to be utilised under the PPP Scheme within five years after release of funds to GITIs. The Government also stated that IMCs utilised the funds on the execution of capital nature works during the initial years and the recurring nature expenditure on the payment of honorarium of guest speakers, procurement of raw material and other consumables continued even after this period. It added that GITIs had utilised ₹ 275.16 crore as of May 2020 out of ₹ 330.64 crore[121] available with the IMCs under PPP scheme.

In respect of Model GITI scheme, the State Government accepted that the pace of utilisation of funds in GITI Karaundi, Varanasi was slow in the initial years as the Industry Partner took more time in the evaluation of works done

[119] Azamgarh (61.57%); Kanpur (46.96%); Saidpur, Ghazipur (6.82%); Salon, Raibareli (41.74%); Jewar, Gautam Buddha Nagar (53.09%); Kasganj (45.27%); Barhalganj, Gorakhpur (43.99%); Anandpur Jarkhi, Firozabad (69.56%), Manikpur, Chitrakoot (55.30%) and Shahganj, Jaunpur (61.01%)

[120] GITI Saket, Meerut: First instalment was released during March 2015 to September 2016 but GITIs submitted UC in November 2018; GITI Karaundi, Varanasi: First instalment was released during July 2016 to September 2018 but UC was submitted in April 2019. As per sanction orders, grants shall be utilised within a period of 12 months from the close of financial year of issue of sanction/release and UCs indicating expenditure incurred should be furnished.

[121] This includes interest income on deposits and revenue generated from other sources

by the GITI. However, no reply was furnished in respect of GITI Saket, Meerut.

The fact remains that the available funds could not be utilised timely in a planned manner on the activities earmarked in Institute Development Plans/Implementation Plans.

3.4.4.2 Unauthorised expenditure under PPP scheme

(i) Audit scrutiny of DTE records revealed that out of 115 GITIs under PPP scheme, five GITIs[122] incurred expenditure of more than ₹ one crore on civil works, whereas the scheme guidelines prescribed a ceiling of ₹ one crore for civil works.

Further, as per guidelines, each IMC was required to strictly adhere to the IDP for utilisation of funds on the earmarked components of IDP. Audit scrutiny of component-wise expenditure by GITIs as against approved IDPs ***(Appendix-3.4.2)*** revealed that out of 19 test-checked GITIs, 14 GITIs[123] did not adhere to the utilisation plan approved in the IDP and incurred unauthorised excess expenditure of ₹ 3.36 crore beyond the funds earmarked for individual components in the approved IDPs. The excess expenditure was met by diverting funds earmarked for other components.

The State Government accepted (May 2020) that the IMC was not empowered to incur expenditure beyond that approved on a component in the IDP and therefore, explanation had been called for from GITIs Charbagh in Lucknow, Nanpara in Bahraich, Charkhari in Mahoba and Campierganj in Gorakhpur. However, action taken was incomplete as no action was proposed in case of remaining 10 GITIs which did not adhere to approved IDPs.

(ii) GITI Rehwa Mansoor Mahsi, Bahraich procured (2015-16) equipment worth ₹ 54.07 lakh for Fitter/Diesel Mechanic trades under PPP scheme, though this was not included in the IDP. Audit scrutiny further revealed that the GITI did not have Fitter/Diesel trade and thus, procurement of the equipment was also not warranted.

The State Government stated (May 2020) that purchase of equipment was approved separately by DTE and the procured equipment would be utilised after approval of Fitter/Diesel Mechanic trades, proposal for which was pending. The reply is not tenable as the funds of PPP scheme were to be spent only as per IDP. Further, even after four years of procuring the equipment, the concerned trade was yet to be approved due to which expenditure of ₹ 54.07 lakh remained unfruitful.

3.4.4.3 Unfruitful expenditure under PPP scheme

(i) In GITI Charbagh (W), Lucknow, the IMC incurred an expenditure of ₹ 39.10 lakh on construction of a building and purchase of equipment for fashion designing trade and revenue generation for the GITI through stitching/selling of cloth. However, the fashion designing trade was neither

[122] Etah, Charbagh and Charbagh (W) in Lucknow, Mathura and Allahabad (W)

[123] World Bank (W) Aliganj, Charbagh and Charbagh (W) in Lucknow, Nanpara, Rehwa Mansoor Mahishi in Bahraich, Bijnor, Dhampur and Najibabad in Bijnore, Atrauli in Aligarh, Mahoba and Charkhari in Mahoba, Khajni and Campierganj in Gorakhpur and Ibrahimabad in Ballia.

available in the GITI nor approved under its IDP. Audit further noticed that the GITI failed to attract customers and resultantly, neither the revenue generation work of stitching/selling clothes could begin nor operation of fashion designing trade had started (May 2020).

Idle stores purchased for revenue generation in GITI Charbagh (W), Lucknow (July 2019)

The State Government stated (May 2020) that an explanation had been sought from the GITI Charbagh (W), Lucknow in respect of irregularities pointed out by Audit.

(ii) GITI Barhalganj, Gorakhpur was selected under the PPP scheme though it did not have its own building and the GITI was under operation from the campus of GITI Chargawan at Gorakhpur. Further, the building of the GITI was under construction at Barhalganj, Gorakhpur through State funds provided separately. The IMC of GITI Barhalganj, however, had spent a total of ₹ 1.42 crore to construct one classroom and toilets at the site of the under-construction building and on procurement of equipment for operation of trades. The classroom constructed and equipment procured under PPP scheme was lying without use since 2016-17, thus rendering the expenditure of ₹ 1.42 crore[124] unfruitful.

The State Government stated (May 2020) that an explanation had been sought from the GITI Barhalganj, Gorakhpur for incurring irregular expenditure.

3.4.4.4 Retention of unspent balance under PPP Scheme

The guidelines of PPP scheme stipulated for utilisation of funds on the interventions identified in the IDP. National Steering Committee observed (June 2014) that most of the IMCs had kept large amounts of money including seed money in the bank account instead of utilising it towards upgradation activities. In order to encourage IMC/GITI to spend money in a focussed/time bound manner for meaningful purposes, GoI directed in the revised guidelines (July 2014) that the balance funds including seed money and interest available after making required expenditure at the end of the financial year 2015-16, shall not be more than ₹ one crore and any balance beyond this amount was to be refunded to GoI. In the revised guidelines, the limit of seed money kept in a corpus fund was also reduced to maximum 20 *per cent* (i.e., ₹ 50 lakh) from earlier ceiling of 50 *per cent* (i.e., ₹ 1.25 crore).

[124] Expenditure till 2016-17: ₹ 1.18 crore and up to March 2019: ₹ 1.42 crore.

In test checked GITIs, audit observed that in contravention of the guidelines, five GITIs[125] retained ₹ 2.78 crore as balance fund in excess of ₹ one crore at the end of March 2016 and out of these, three GITIs[126] retained ₹ 1.99 crore in excess of ₹ one crore at the end of March 2019. None of these GITIs had refunded the excess funds to GoI.

The State Government stated (May 2020) that the unspent funds over and above ₹ one crore were not refunded to GoI because the GIITs had not received any demand from GoI in this regard. It further stated that explanations were being called from the Principal/Secretary, IMC, Charbagh (W) Lucknow, Mahoba and Barhalganj, Gorakhpur for unutilised fund of more than ₹ 1.00 crore at the end of March 2016.

The fact remains that respective IMCs failed to utilise the loan provided under the PPP scheme for upgradation activities which resulted in unspent funds of more than ₹ one crore, which were to be refunded and for which no further directions from GoI were required.

3.4.4.5 Non-delegation of financial powers

IMC of GITI was to implement both schemes at GITI level. As agreed upon in the Memorandum of Agreement (MoA), GoUP was to delegate to the IMC adequate administrative and financial powers for expenditure out of the interest free loan/funds received under the scheme.

- Scrutiny of records at DTE revealed that loans were released to five GITIs[127] under PPP scheme during 2007-08 to 2010-11. In November 2017, DTE decided to execute the remaining portion of IDPs of these five GITIs through another agency and stopped IMC from making any expenditure. DTE, subsequently, reversed its decision and allowed IMCs to continue the implementation of IDPs in September 2018. Stopping these IMCs from implementation of IDP for about 10 months was against the guidelines, besides it affected the implementation of IDP.

The State Government stated (May 2020) that the decision was taken in view of non-achievement of desired progress on upgradation in these GITIs. The reply was not acceptable, as the scheme was to be implemented through the IMC of GITI under PPP scheme.

- Under the Model GITI Scheme, examination of records of GITI Saket, Meerut revealed that an amount of ₹ 2.16 crore was not released to IMC of GITI Saket Meerut and instead this amount was spent by DTE on renovation work proposed in the implementation plan. Audit examination further revealed that DTE awarded the renovation work at its own level to a State Government Public Sector Undertakings on nomination basis, i.e., without adopting tendering process for selection of construction agency. This was in violation of the Model GITI scheme guidelines which provided for release of funds under the scheme to the IMC for execution of the implementation plan, besides IMC was required to invite open tenders for works above ₹ five lakh by advertising in at least one national daily having wide circulation.

[125] Charbagh (W) in Lucknow, Nanpara in Bahraich, Koil in Aligarh, Mahoba and Barhalganj in Gorakhpur
[126] Koil in Aligarh, Mahoba and Barhalganj in Gorakhpur
[127] Jewar in Gautam Buddha Nagar (2009-10), Kasganj (2010-11), Mohammadabad Gohna in Mau (2009-10), Chaukaghat in Varanasi (2007-08) and Saidpur in Ghazipur (2009-10).

The State Government stated (May 2020) that the work was awarded directly to the executing agency due to lack of clarity in the rules for operation of the scheme at that time. It added that IMC had subsequently approved the release of funds and selection of executing agency by DTE, which was also acknowledged by GoI. The fact remains that the scheme was to be implemented by the IMC of GITI, therefore, awarding the construction work directly by DTE on nomination basis, was in violation of the scheme guidelines.

Thus, the State Government did not follow through on its commitment of delegation of adequate administrative and financial powers to the IMC.

3.4.5 Training and placement

3.4.5.1 Changes in training programmes

As envisaged in the PPP scheme, the IMC had to include in the Institute Development Plan (IDP) proposal for changes in the training programme, viz., proposals for – (a) upgradation of the GITI into a centre of excellence (CoE) in specific trade sector, (b) upgradation of existing trades being offered by the GITI, (c) addition of new trades for craftsman (ITI) training, and (d) deletion of any of the existing trades. Audit, however, observed that in the test-checked 19 GITIs, none[128] of the IMCs proposed for introduction of new trades or deletion of existing trades in their respective IDPs.

Under the Model GITIs, GITI Saket Meerut had in its implementation plan opted for opening of three new trades (Mechanic Diesel, COPA[129] and Dress Making) and discontinuance of one trade (Mechanic Agriculture Machinery). The GITI also had to provide training to 278 trainees annually under six MES[130] courses for existing workers. However, none of the new trades for craftsman training were commenced and mechanic agriculture trade was also not discontinued. Further, the GITI did not provide training to existing workers as proposed in its Implementation Plan. Similarly, GITI Karaundi, Varanasi proposed six courses for training of existing workers, however, it did not impart training to existing workers during 2016-17 to 2018-19.

Further, as per Memorandum of Association, the IMC was required to set up a suitable mechanism to obtain feedback from the trainees and industry about quality of training and use the feedback for improvement in the training delivery. Audit observed that in none of the test-checked GITIs, the IMCs developed any mechanism to obtain feedback from trainees and industries in respect of training imparted by the Institute.

The State Government stated (May 2020) that in view of necessity of sanction of different posts and expected delay in providing human resources against these posts, none of the GITIs covered under PPP scheme started new trades and opted for upgradation of existing trades only. The State Government also stated that 75 out of 115 GITIs covered under PPP scheme had opted for opening of business sector under the component - Centre of Excellence (CoE) which was subsequently closed by GoI in August 2015. In respect of not

[128] Except GITI Najibabad in Bijnor which proposed a new trade of Fitter in the revised IDP.
[129] Computer Operator and Programming Assistant.
[130] Modular Employable Skills Course.

developing a mechanism to obtain feedback from trainees as well as industries, the State Government stated that directions to GITIs in this respect had been issued.

Thus, by not opening any new trades and also due to closure of CoE in GITIs, the problem of mismatch between industry requirements and availability of skilled persons was not addressed. In case of GITI Saket Meerut, there was no trade related to sports industry sector despite it being one of the prominent industry clusters in the locality. This mis-match was compounded by non-operationalisation of the mechanism to assess the efficacy of training. Thus, the GITIs continued to function as before despite upgradation of infrastructure.

3.4.5.2 Availability of instructors and principals in GITIs

The schemes' guidelines stipulate that the administrative control of GITIs selected under both the schemes would remain with the State Government. As per the schemes' guidelines, the State Government was required to ensure that the sanctioned strength of the instructors in the GITIs was always filled up and in no case, the vacancies exceeded 10 *per cent* of the sanctioned strength.

Examination of records revealed that during the period 2014-19, out of 19 test-checked GITIs, vacancy of instructors in 18 test-checked GITIs[131] ranged from 14 *per cent* to 100 *per cent* ***(Appendix-3.4.3)***. This included two GITIs at Nanpara, Bahraich and Rehwa Mansoor Mahsi, Bahraich where no instructors were placed during 2014-17[132]. It was observed that both GITIs did not have their own building and were operated by sharing the accommodation, instructors and other facilities of the GITI, Bahraich, established at the district headquarter. In the Model GITIs, shortage of instructors ranged from 14 *per cent* to 61 *per cent* during 2014-19.

Thus, the State Government failed to bring to fruition its commitment made in Memorandum of Agreement as regards provision of human resources, thereby adversely affecting the quality of training in these GITIs. This is evident from the fact that in the two GITIs with 100 *per cent* shortfall of instructors, the percentage of candidates passing out vis-à-vis candidates appearing in the examination[133] ranged between 54 *per cent* and 56 *per cent* only.

The State Government stated (May 2020) that instructors were placed in GITIs to the extent possible through regular/contractual deployments and requests were sent as well for selection of instructors to the Uttar Pradesh Subordinate Service Selection Commission. The reply was, however, unsupported by documentary evidence in this regard. Further, the fact remains that there were vacancies exceeding 10 *per cent* of the sanctioned strength in the test-checked 18 GITIs.

Availability of regular Principal

The Principal of the GITI has to play a crucial role as the Member Secretary of the IMC and it was advised as per PPP scheme guidelines to post regular Principals in all the GITIs being covered.

[131] Except in GITI World Bank (W) Aliganj, Lucknow where there was no shortfall
[132] GITIs –Nanpara, Bahraich: 2014-15 & 2016-17; Rehwa Mansoor Mahsi, Bahraich: 2015-17
[133] One of the KPIs to judge the performance of PPP scheme.

Out of the test-checked 19 GITIs covered under PPP scheme, in four GITIs[134] a regular Principal had never been posted and these GITIs were running with a Principal holding additional charge, whereas in eight GITIs[135] regular principals were posted intermittently during 2014-19 due to the reasons such as transfers, superannuation, etc., and due to not-providing/delay in providing the replacements. Audit noticed that the post of a regular principal was not even sanctioned in GITI Charbagh (W), Lucknow. Non-posting of regular principals affected the functioning of IMCs as, being the Secretary of the IMC, s/he was responsible for day-to-day management and administration of the IMC.

The State Government stated (May 2020) that vacancy of 58 principals were filled up through departmental promotion (36 posts) and direct recruitment (22 posts) and request for filling up 36 more posts were submitted by DTE. The State Government further stated that in the absence of the regular principal in GITI, the principal of the nodal GITIs of the respective district looked after the work in addition to his/her charge.

The fact remains that Member Secretary of the IMC was a significant element of the PPP scheme and the irregular deployment of principals had a concomitant impact on implementation of the scheme.

3.4.5.3 Functioning of placement cells

As per the PPP scheme guidelines and Memorandum of Agreement, the IMCs were to set up placement cells in the GITIs to guide/help the graduates in employment/self-employment and develop a suitable sustainable mechanism to trace the careers of the graduates for at least three years.

Scrutiny of records revealed that the placement cell was not formed in six GITIs[136] out of the 19 test-checked during 2014-19. In the remaining 13 test-checked GITIs, though placement cells were constituted but in these GITIs[137] placement records of trainees were either not available or available in respect of only a few trainees. Audit also observed that in GITI Charbagh, Lucknow, IMC hired a placement officer (December 2014 to September 2016) and paid remuneration amounting to ₹ 2.63 lakh. However, the GITI did not maintain the placement data of the trainees. Besides, no mechanism had been developed to trace the careers of the trainees for at least three years as envisaged in the scheme, in any of test-checked GITIs.

Audit further observed that the GITIs covered under PPP scheme did not provide the details of placement of the students to DTE though it was required to be furnished through the quarterly progress report. DTE also did not monitor the status of placement in the GITIs. During the conduct of audit, however, the 19 test-checked GITIs provided information on the aggregate number of trainees who passed during 2014-19 and got employed. Out of these, eight GITIs informed nil placement. However, there was no record to substantiate the reported aggregate number on employment status of ITI

[134] Campierganj and Barhalganj in Gorakhpur, Rehuwa Mansoor Mahsi in Bahraich and Charbagh (W) in Lucknow.
[135] World Bank (W), Aliganj, Charbagh in Lucknow, Nanpara in Bahraich, Railway Colony, World Bank (W) and Khajni in Gorakhpur, Rasara and Ibrahimabad in Ballia
[136] Rasra and Ibrahimabad in Ballia, World Bank (W), Khajni, Campierganj and Barhalganj in Gorakhpur
[137] Except GITI Koil, Aligarh where records were maintained during 2014-19.

passed-out trainees in respect of the remaining 10 test-checked GITIs, except GITI Koil, Aligarh which had maintained records of trainees' placement. Thus, the employment status of the passed-out trainees were not followed by IMCs as well as DTE which defeated the overall objective of the PPP scheme.

In Model GITI scheme, the implementation manual envisaged that the Placement Cell in the Model GITI should function as a Career Center envisioned under National Career Service and the GITI may appoint a qualified person on contract as coordinator for Training, Counselling and Placement Cell (TCPC) and equip the cell with better facilities for immediate response from employers/Industry. Audit, however, observed that TCPC in both the Model GITIs was not functioning as prescribed under the scheme. In both the GITIs, a full time training and placement officer was not appointed for liaising with the industry and generating and converting placement needs. In GITI Saket, Meerut placement details of only 188 trainees, out of 768 who passed during the academic year 2017, were provided to audit while in GITI Karaundi Varanasi data related to placement of trainees of the GITI was not provided.

The State Government stated (May 2020) that orders were issued in May 2017 for constitution of training-cum-placement cells in all GITIs for extending assistance to the trainees in getting employment by organising camps for campus selections at regular intervals. However, the State Government accepted that placement cells were not established by the IMCs in four out of 19 test-checked GITIs and stated that three GITIs had been issued show cause notices in this respect, whereas GITI Barhalganj could not operate placement cell as it was not running from its own building. In respect of GITI Rasra and GITI Ibrahimabad in Ballia, it claimed that placement cells were constituted, however, the reply was incorrect as both GITIs accepted that there was no placement cell. Further, the State Government did not furnish reply in respect of non-maintenance of placement records in the remaining test-checked GITIs. It, however, stated that an explanation was sought from GITI Charbagh, Lucknow for non-maintenance of the relevant records by the placement officer.

The fact remains that trainees were not provided adequate assistance through dedicated placement cells, thus defeating one of the objectives of the PPP scheme.

3.4.5.4 Training under Skill Development Initiative (SDI) scheme

The Government of India launched the Skill Development Initiative (SDI) scheme in May 2007. The main objective of the SDI scheme was to conduct short term courses to improve the skills of early school leavers and existing workers in the industries by optimum utilisation of infrastructure available in Government and Private Institution. As per Operational Manual for SDI Scheme (issued in December 2014), all ITIs whether public or private having up to four units would be required to train at least 20 candidates every year under SDI and 40 candidates every year in case they have more than four units.

Under the revised guidelines (July 2014) of the PPP scheme, each GITI was required to train at least 40 candidates every year under SDI scheme, if the number of units was less than or equal to four in the GITI and 80 candidates per year, if number of units was more than four. Audit scrutiny in the 19 test-checked GITIs revealed that against a target of 1,480 per year, only 355 candidates were trained in 03 GITIs[138] from 2014-15 to 2018-19. In rest of the 16 GITIs, no training was conducted under the SDI scheme.

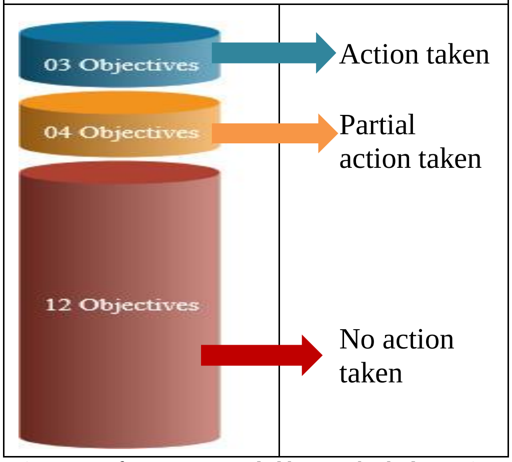
The State Government stated (May 2020) that six GITIs[139] did not provide training under SDI due to inadequate building infrastructure and GITI Aliganj in Lucknow would be commencing short-term courses under Uttar Pradesh Skill Development Mission. Government further stated that explanations were being called from GITIs Railway Colony in Gorakhpur and Charkhari, Mahoba in Mahoba. However, in case of remaining seven[140] GITIs, State Government stated that the scheme was not in operation in GITIs at present. The reply of the State Government is not tenable as GoI in its revised guidelines (July 2014) clearly directed that training under SDI was to be imparted by each IMC/GITI. Moreover, GITIs were also registered as vocational training providers under SDI Scheme.

3.4.6 Role of Institute Management Committees

As per Memorandum of Association and Rules and Regulations for the IMC Society annexed with the guidelines of the PPP scheme, there were 19 main objectives to be pursued by the IMC. These included aims such as - to assess emerging skill requirements of the region; short-term, medium-term and long-term requirement of skilled workforce; identify short-term training courses, review training needs of instructors; plan and establish such production/ service centres in the GITI which help the trainees develop/learn their skills and also generate funds for the Society; network and interact with local industry chambers; and promote measures to increase the capacity of the GITI.

Audit observed that in the test-checked GITIs out of the 19 main objectives, IMCs took (i) action in respect of three objectives, viz., signing of Memorandum of Agreement (MoA), preparation of IDP and making expenditure out of the funds of the Society and (ii) partial action in respect of four objectives, viz., appointment of faculty on contract basis, measures for achievement of Key Performance Indicators (KPIs), admissions under IMC quota and setting up of placement cell ***(Appendix-3.4.4)***.

Chart 3.4.3: Objectives pursued by IMCs



(Source: Information provided by test checked GITIs)

[138] Koil in Aligarh, Najibabad in Bijnore, Campierganj in Gorakhpur.
[139] Nanpara and Rehuwa Mansur Mahsi in Bahraich, Khajni, Barhalganj, Railway Colony and WB (W) in Gorakhpur.
[140] Atruali in Aligarh, Rasra and Ibrahimabad in Balia, Dhampur and Bijnore in Bijnore, Charbag and Chargbag (W) in Lucknow.

In case of Model GITIs, the IMCs did not assess short-term, medium-term and long-term requirement of skilled workforce, besides reassessment of all existing trades and new requirements for their relevance with local market demand for preparation of the implementation plan as envisaged under the Model GITIs scheme.

The State Government accepted (May 2020) the audit observation and stated that necessary instructions had been issued to both Model GITIs for taking appropriate action in this regard. However, the State Government did not furnish any specific reply in respect of other GITIs being upgraded under PPP schemes. Thus, IMCs did not function as envisaged in the scheme guidelines, thereby hindering the overall upgrade towards self-sustainability of the GITIs.

3.4.6.1 Generation of revenue

To ensure sustainability of the operational model propounded in the PPP scheme and to become self-sufficient to meet all its expenses and liabilities, the IMC was to undertake measures to generate sufficient revenue, which was one of the KPIs as well. Scheme guidelines in this respect suggested measures such as admitting trainees under IMC quota (management quota), starting short term courses, consultancy/advisory services to industry, job work to generate extra revenue, training-cum-production centres, conducting short term courses and organising off-campus training programmes. It was also stipulated in the guidelines that GITIs could adopt separate fee structure for 20 *per cent* admission (IMC quota) for enhancing their revenues.

Audit, however, observed that none of the test-checked GITIs achieved the targets of revenue generation (₹ 5 to 15 lakh[141]), with shortfalls ranging from 86 *per cent* to 100 *per cent*[142] during 2014-19.

Further examination revealed that the GITIs did not adopt measures as suggested in the guidelines for revenue generation, except taking admission under IMC quota. In respect of taking admission under IMC quota also, the 19 test-checked GITIs could achieve the targets by nil to 19 *per cent* in 18 GITIs during 2014-19 whereas GITI, Mahoba, achieved the target by 45 *per cent* during the period. Thus, the IMCs did not make adequate efforts to be self-sustainable.

The State Government accepted (May 2020) that GITIs adopted only one measure (admission under IMC quota) for generation of revenue. It, however, did not clarify the reasons due to which GITIs did not adopt other measures to augment revenue generation.

3.4.6.2 Repayment of loan

There was a moratorium of ten years from the year in which the loan was released to the IMC for repayment of GoI's loan under the PPP scheme. The loan was payable by the IMC in equal annual instalments over twenty years. In

[141] Under the revised guidelines for the PPP scheme (July 2014), the target for revenue generation was fixed at ₹ five lakh, ₹10 lakh and ₹ 15 lakh for the years 2014-15, 2015-16 and 2016-17 respectively. In the absence of specific targets for 2017-18 and 2018-19, the target for revenue generation has been taken in the para as ₹ 15 lakh for the year 2017-18 and 2018-19.

[142] Except in Mahoba and Atrauli in Aligarh where it was 27.6 *per cent* and 67 *per cent* respectively in 2014-15.

case of default, the National Steering Committee (NSC) may impose penalty on such overdue payments or take any other action deemed fit.

Under the PPP scheme, 25 GITIs selected in the year 2007-08 were due for repayment of loan from March 2019. However, scrutiny revealed that none of these 25 GITIs had started the repayment till December 2019. Thus, loan amount of ₹ 3.12 crore[143] remained unpaid.

In respect of the test-checked 19 GITIs, two GITIs (Charbagh in Lucknow and Mahoba) were due for repayment of the first instalment of loan amount in 2018-19 but neither GITI had started repayment of loan as of December 2019. It was also observed that the bank balance of GITI Charbagh, Lucknow and GITI, Mahoba was ₹ 17.69 lakh and ₹ 1.15 crore respectively, including the seed money. Considering the low bank balance of GITI Charbagh, Lucknow and lack of revenue generation, the GITI was not in a position to repay the loan.

Thus, non-repayment of loan not only created liability on the respective IMCs but would also invite the burden of penalty. Furthermore, since none of the IMCs had been able to generate significant revenue, this would also adversely impact the loan repayment capacity of other GITIs too.

The State Government stated (May 2020) that instruction for repayment of loan to GoI was issued (November 2019) to GITIs and the GITIs were taking action for repayment of the loan. The Government reply, however, did not provide any update on the present status of repayment of loans which assumes significance in the context of the low loan repayment capacity of the test-checked GITIs.

3.4.6.3 Exemption from Income Tax

As per guidelines of PPP scheme, the IMC Society was required to obtain a separate Permanent Account Number and get itself registered under Section 12A of Income Tax Act 1961 (IT Act) to avail exemption from income tax.

Audit observed that IMCs of 13 GITIs[144] out of the 19 test-checked had not registered themselves under the IT Act. This led to deduction of TDS[145] by banks (₹ 99.14 lakh in 13 GITIs) on interest accrued during 2008-19 which could have been avoided and the funds could have utilised towards fulfilment of the objectives of the scheme.

The State Government stated (May 2020) that action had been taken for registering IMC of GITI, Koil Aligarh under Section 12 of the IT Act , whereas other seven GITIs had been asked to explain the reasons for their non-registration under the IT Act. However, no reply was furnished in respect of remaining five GITIs[146].

[143] Repayable at the rate of ₹12.5 lakh per annum per GITI x 25 = ₹ 312.50 lakh
[144] Except in World Bank (W) in Aliganj, Lucknow, Atrauli in Aligarh, Dhampur and Najibabad in Bijnor, Barhalgarh and World Bank (W) in Gorakhpur
[145] Tax deducted at source under Income Tax Act 1961
[146] GITI Bijnor, Mahoba and Charkhari in Mahoba, Rasra and Ibrahimabad in Ballia

3.4.7 Monitoring

3.4.7.1 Monitoring of PPP scheme

The State Government was to form the State Steering Committee (SSC) for overseeing the implementation and monitoring of the scheme. SSC was to examine IDPs prepared by IMCs, forward the IDPs to Director General of Employment and Training (DGE&T) of GoI for approval and release of loan to the concerned GITI, review the progress of IMCs through quarterly progress reports and oversee the performance of the selected GITIs in respect of prescribed Key Performance Indicators (KPIs).

A State Implementation Cell (SIC), headed by Director, DTE and comprising of officers[147] of the level of Joint Director, Deputy Director and Section Officer was also to be constituted to assist the SSC and for management, monitoring and evaluation of the scheme under the guidance of SSC. The office and administrative expenses of SIC were to be borne out of management, monitoring and evaluation component of the outlay of the scheme based on proposal sent by the SIC.

Audit, however, observed that the SIC was not formed in the State. The State Government also did not send any proposal to GoI for release of funds for the constitution and functioning of SIC. In absence of a dedicated SIC, the functions to be taken up by SIC were instead reported to be performed by the State Project Implementation Unit, constituted by the State Government for monitoring of various government schemes. Evidently, considering the various irregularities observed during audit, the absence of a dedicated SIC was one of the factors which affected the management and monitoring of the scheme adversely. Furthermore, nine meetings of the SSC were held intermittently during 2013-19, which rendered periodic monitoring of IMC unfeasible through quarterly progress reports.

The revised guidelines of PPP scheme (July 2014) also mandated SSC to examine and review performance (in terms of KPIs) of each IMC at the end of the year by December. For default in non-achievement of 70 *per cent* level of KPIs, the State Government was required to change the chairman of IMC within six months after two such consecutive years. However, it was seen that neither was any such review taken up between December 2014 and December 2018 by the SSC nor was any action initiated against the IMC for non-performance. The compiled KPIs of 115 GITIs were presented to SSC for the first time in March 2019, but SSC did not issue any directions over the low KPI scores. As per data furnished to audit by 17[148] out of 19 test-checked GITIs, the achievement of KPI targets was as given in **Table 3.4.3.**

[147] The number of officers would depend upon the number of GITIs covered in the State.

[148] World Bank (W) Aliganj, Charbagh and Charbagh(W) in Lucknow, Nanpara and Rehwa Mansoor Mahsi in Bahraich, Dhampur and Najibabad in Bijnore, Atrauli and Koil in Aligarh, Mahoba and Charkhari in Mahoba, Railway Colony, World Bank (W), Khajni, Campierganj, and Barhalganj in Gorakhpur, Rasra in Ballia.

Table 3.4.3: Achievement of KPIs during 2014-15 to 2018-19

KPIs	Details	Target set	GITIs which achieved initial targets (2014-15 and 2015-16)	GITIs which achieved the upward targets (2016-17 to 2018-19)
I	Percentage of candidates appearing in the examination vis-à-vis intake capacity	Initial benchmark 70 *per cent*, which was to be taken up to 95 *per cent* in next few years	11 (except Charbagh in Lucknow, Nanpara and Rehwa Mansoor Mahsi in Bahraich, Dhampur in Bijnore, Koil in Aligarh and Barhalganj in Gorakhpur)	None, except in Rasara, Ballia where it was 100 *per cent* for the year 2016-17. (It was below 70 *per cent* in Rehwa Mansoor Mahsi in Bahraich, Dhampur and Najibabad in Bijnor, Barhalganj in Gorakhpur.)
II	Percentage of candidates passing out vis-à-vis candidates appearing in the examination	Initial benchmark 70 *per cent*, which was to be taken up to 95 *per cent* in next few years	15 (except Nanpara and Rehwa Mansoor Mahsi in Bahraich)	8 (except Nanpara and Rehwa Mansoor Mahsi in Bahraich, Dhampur and Najibabad in Bijnor, Koil in Aligarh, Mahoba, Charkhari in Mahoba, Railway Colony in Gorakhpur and Rasra in Ballia)
III	Percentage of passed out students employed/self-employed within one year of pass out[149]	Initial benchmark 50 *per cent* for wage employment and 70 *per cent* for overall employment	None	None
IV	Revenue generation	₹5.00 lakh (for 2014-15), ₹10.00 lakh (for 2015-16) and ₹15.00 lakh (for 2016-17)	None	None

(Source: Test-checked GITIs)

As seen from **Table 3.4.3**, the achievement of KPIs (except for KPI-II) by 17 out of the 19 test-checked GITIs was far below the level envisaged under the scheme, thus further emphasising the need for proper and regular monitoring of the scheme. Furthermore, as per the revised guidelines, the SSC did not take action against the IMCs despite continuous default on KPIs, reflecting poor monitoring.

The State Government confirmed (May 2020) that a dedicated SIC was not constituted. As regards irregular holding of meetings of SSC, it stated that meetings of SSC were held at regular intervals and such meetings were also held through circulation when no important policy decisions were included in the agenda of the meeting. In respect of non-achievement of KPIs, the State Government stated that the achievement of KPIs was submitted to SSC from time to time and it further added that explanations had been called for from the test-checked GITIs after receiving their response to audit observation regarding low performance.

The fact remains that inadequate monitoring by SSC limited the avenues for identifying the weaknesses in the implementation of the scheme and taking timely corrective action for upgradation of GITIs as envisaged under PPP scheme.

[149] GITIs Bijnore and Ibrahimabad, Ballia did not furnish the data.

3.4.7.2 Monitoring of Model GITI Scheme

Under Model GITI scheme, the State Government was to monitor the implementation of the scheme on the basis of the reports to be furnished by the IMCs quarterly and furnish a consolidated report to the Central Government.

Audit observed that in GITI Saket, Meerut, the scheme was being implemented since 2015-16, but the first Quarterly Progress Report (QPR) was submitted only in January 2018. It was also noticed that in QPRs of March 2018, March 2019 and June 2019, data other than expenditure remained the same. However, this was not examined or pointed out at the Directorate level and no action was taken against the IMC. On the other hand, GITI Karaundi, Varanasi was regularly submitting QPRs to DTE.

Further, DTE did not provide records related to compilation of the Annual Report detailing the progress of implementation of the scheme in the State.

The State Government accepted (May 2020) the audit observation and stated that instructions had been issued to both Model GITIs for submission of quarterly progress reports to DTE and QPRs were now being received.

3.4.8 Conclusion

PPP scheme and Model GITI scheme envisioned using industry interface for upgradation of GITIs to make design and delivery of training more demand responsive and the GITIs self-sustainable. The Department, Institute Management Committees (IMCs) and Industry Partners were the main stakeholders, on whose functioning depended the implementation of both schemes. An overview of the state of affairs as ascertained in audit was as follows:

- The functioning of IMCs (headed by Industry Partners) was sub-par, with inadequate action being taken by them vis-à-vis majority of the objectives of the scheme. The physical infrastructure got upgraded, however, IMC did not adhere to the approved Institute Development Plan. Instances of unfruitful expenditure and unauthorised excess expenditure on some components of IDP by diversion of fund from other components of approved IDP were noticed. Further, GITIs did not introduce new trades by assessing the demand /requirement of industry. Assistance to the passed out trainees for getting employment was inadequate as placement cell was not formed in about one-third test-checked GITIs and in remaining GITIs, records of placement were either not maintained or maintained in respect of a few trainees.

- The Industry Partners did not actively participate in implementation of the schemes and as a result the faculty/trainees did not benefit from the association of Industry Partners. Training for instructors and on-the-job-training to the students were not organised as envisaged.

- The monitoring of the scheme by the Department was lax as the State Implementation Cell for managing and monitoring the scheme was not formed. KPIs were called for by the State Steering Committee only in 2018-19, but no follow-up action was taken. Availability of human resources, critical for providing training and implementation of the schemes, was unsatisfactory.

- As regards the issue of loan repayment, the revenue generation activities in GITIs did not take off, thus defeating the objective of making IMCs self-sustainable and giving rise to uncertainty in respect of their loan repayment capacity.

3.4.9 Recommendations

- *Corrective steps should be taken to ensure that the IMCs and Industry Partners carry out their role as envisaged in the schemes.*
- *The State Government should urgently review the revenue generation efforts of the IMCs to make the GITIs self-sustainable and ensure loan repayment.*
- *The State Government should take urgent measures to fill up the vacant posts of principals/instructors in GITIs to improve quality of training.*
- *The State Government should assess the mismatch between training courses in GITIs and industries available in the locality and training courses should be designed accordingly for better employability.*
- *Funds available under the schemes should be utilised as per approved plan in a time-bound manner so that time and cost overruns could be avoided and GITIs could achieve prescribed key performance indicators.*
- *The State Government should ensure that placement cells are formed in GITIs and function effectively to provide adequate assistance to trainees in employment/self-employment.*
- *The State Government should take steps to improve monitoring of the schemes.*

Audit Paragraphs

Basic Education Department

3.5 Irregularities in procurement of school bags and unfruitful expenditure on undisbursed school bags

Procurement of school bags by the Directorate of Basic Education for school children was marked by deficiencies in bidding process. Delays in supply and distribution of school bags deprived 1.15 crore students from receiving school bags during 2016-17, besides 6.55 lakh school bags valuing ₹ 9.46 crore remained undistributed for more than three years.

The Government directed (August 2016) the Directorate of Basic Education (DBE) for purchase of school bags for free distribution amongst students of class one to eight of government and aided junior high schools, aided *madarsas*, government inter colleges (class six to eight), and aided secondary schools and constituted a tender committee[150] for selection of suppliers. A tender document[151], approved by the Department, was also provided (August 2016) to the DBE for publication of tender.

Scrutiny of records (May 2017 and July-August 2018) of the DBE revealed that in response to Notice Inviting Tender (NIT) published (September 2016) for procurement of school bags, seven bidders participated in the tender. On 8 October 2016, the technical bids were opened and four out of the seven bidders were not found eligible by the tender committee on the grounds that they did not submit proper certificate of manufacturing of school bags and supply up to the delivery points and therefore failed to fulfil the eligibility criteria. The financial bids of the remaining three bidders were opened on 14 October 2016 in which the lowest tenderer had quoted a rate of ₹ 144.40 per school bag.

As per the conditions of NIT, the lowest tenderer (L1) would be offered contract for the quantity quoted in his offer in the technical bid, but not less than 25 *per cent* of the total supply. If some quantity remained to be allotted, the next responsive tenderer (L2) would be offered to supply school bags at the rate of L1 up to the quantity quoted, subject to his capacity, but not more than 20 *per cent* of the total supply. If some quantity still remained, the above process would be repeated for the next responsive tenderers such as L3, L4 and so on. Accordingly, the rate of ₹ 144.40 per school bag of L1 was negotiated with the other two bidders and Letter of Intent was sent (November 2016) to them for supply of about 180 lakh school bags (60 *per cent*, 20 *per cent* and *20 per cent* of the total quantity by L1, L2 and L3 tenderer respectively).

[150] Director, Basic Education – Chairman and representative of Director, Mid-day Meal Authority, representative of State Project Director, Sarv Siksha Abhiyaan, Secretary, Basic Education Council and Finance Controller, Basic Education Directorate as members.

[151] The draft tender document was forwarded to the Department by DBE in June 2016.

Deficiencies in tender evaluation process

Audit noticed that L1, L2 and L3 tenderer were consortiums[152] formed by three firms/companies in cases of L1 (Consortium-1) and L3 (Consortium-3), and by two companies in case of L2 (Consortium-2). Analysis of the documents submitted by the firms in the bidding documents revealed the following:

- Tax audit report[153] for the assessment year 2014-15 submitted by a member in Consortium-1 (M/s Sumaja Electroinfra Private Limited) as part of the bid showed that the Company's business was in manufacturing of engineering goods and in trading of cloth. However, the tender committee accepted certificates submitted by Consortium 1 depicting M/s Sumaja Electroinfra Private Limited as a manufacturer of school bags.

The Government replied (May 2019) that Consortium-1, which presented M/s Sumaja Electroinfra Private Limited as a manufacturer of school bags, submitted the certificate of the Ministry of Small & Micro Enterprises (MSME) in respect of M/s Sumaja Electroinfra Private Limited, which was verified online through UAN code mentioned in Udyog Aadhar. The Government further stated that as per the said certificate, M/s Sumaja Electroinfra Private Limited was a manufacturer of 'other textiles/textile products' with date of commencement as April 2005 and the tender committee considered school bag in the category of 'other textiles/textile products' for technical evaluation. In addition, a manufacturing capacity certificate issued by the Chartered Engineer to M/s Sumaja Electroinfra Private Limited showed it as a manufacturer of school bags. Moreover, an external team headed by a chartered accountant also verified the documents of the bidders before selection of the technical bid.

The fact remains that there was contradictory information in the tax audit reports as well as in MSME certificate regarding M/s Sumaja Electroinfra Private Limited as manufacturer of school bags, which was not verified by the tender committee. Incidentally, as against supply order of 109.41 lakh school bags to Consortium-1, it was eventually able to supply only 7.51 lakh school bags, as a result of which its security deposit of ₹ 15.59 crore was forfeited, as discussed in the subsequent para.

- As part of the bid submission, an Integrity Pact was signed by the bidders wherein the bidders committed themselves to undertake and practice clean, ethical, honest and legal means and maintain complete transparency and fairness in all activities concerning bidding, contracting and performance thereto.

Audit observed that two companies, *viz.*, a member of consortium-2 (M/s Sunlord Apparels Manufacturing Company Private Limited) and a member of consortium-3 (M/s Sunlord Industries Private Limited) respectively

[152] A consortium was defined in the NIT as a group of firms/companies that agree to work together for the purpose of manufacturing and supply of school bags.

[153] Form No. 3CA and 3CD under Income Tax Act, 1961

were enterprises having significant influence[154] over the other as disclosed in their balance sheets as on 31 March 2016 and 31 March 2015 respectively under Related Party[155] Disclosures. The accounts of both companies were submitted to the tender committee along with the bidding documents of respective consortiums. ***Thus, these companies were related to each other but participated in the bidding process for school bags as members of two different Consortiums, which resulted in violation of the provisions of the Integrity Pact.***

The Government stated (May 2019) that as per information provided in the bid documents, the registered address of M/s Sunlord Apparels Manufacturing Company Private Limited was different from the registered address provided in the Certificate of Registration issued by Commercial Tax Department in respect of M/s Sunlord Industries Private Limited. It further contended that both bidders had submitted different e-mail IDs in bid documents, i.e., mishra@sunlord.com in case of M/s Sunlord Apparels Manufacturing Company Private Limited and ashishwahi@sunlord.com in case of M/s Sunlord Industries Private Limited.

The reply of the Government was not tenable as even in the documents submitted by bidders, both companies had used the same domain (@sunlord.com) in their e-mail ID. Audit further noticed from the records (company master data) available at the website of Ministry of Corporate Affairs (GoI) that the registered addresses and e-mail IDs of both companies (M/s Sunlord Apparels Manufacturing Company Private Limited and M/s Sunlord Industries Private Limited) were the same. Besides, the audited accounts of these companies specifically disclosed that key management personnel in both companies had significant influence over the other.

Thus, the tender evaluation process was deficient as the tender committee did not cross-verify the documents of the bidders regarding – (a) submission of contradictory documents by M/s Sumaja Electroinfra Private Limited (Consortium-1) in support of its claim as a manufacturer of school bags; and, (b) bidding by related parties - M/s Sunlord Apparels Manufacturing Company Private Limited (Consortium-2) and M/s Sunlord Industries Private Limited (Consortium-3), which was a red flag indicating collusion and vitiation of the tender process.

Deficiencies in supply and distribution of school bags

Emphasising the need for effective control and strict economy in expenditure by the officers dealing with budget and sanctioning of expenditure, paragraph 204 of the UP Budget Manual considers failure in ensuring full money's worth on purchase of goods or services made on behalf of the State, as wastefulness and requires every public servant to strive to the utmost of his capacity to eliminate all unnecessary or infructuous expenditure.

[154] All key management personnel were related to each other. Also, M/s Sunlord Industries Private Limited secured a loan of ₹ 1.16 crore against pledge of approved debt Mutual Funds owned by M/s Sunlord Apparels Manufacturing Company Private Limited.

[155] As per Accounting Standards 18, parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Scrutiny of records (July/August 2018) of Directorate, Basic Education (DBE) revealed the following irregularities in supply of school bags by the Consortiums which were issued (November 2016) the Letter of Intent (LoI) to supply 1.80 crore school bags within 120 days to designated delivery points in all districts:

- Against the supply order of 1.80 crore school bags for all the 75 districts, the suppliers supplied only 78.58 lakh[156] (44 *per cent*) school bags and received total payment of ₹ 109.15 crore. Further analysis revealed that out of the 75 districts, eight districts received partial supplies while 38 districts received no supplies. Of the supplies received, only 65.27 lakh school bags (83 *per cent*) were distributed to children during the year 2016-17[157]. As a result, the benefit of the scheme could not be extended to 1.15 crore[158] students during 2016-17.

- Out of 78.58 lakh school bags supplied during 2016-17, 13.31 lakh school bags were lying undistributed up to the close of the academic session 2016-17. DBE took up the issue frequently[159] with the Government seeking directions in the matter. In July 2017, the Government directed to distribute only 6.76 lakh bags during the academic year 2017-18 but did not issue any directives for the remaining 6.55 lakh bags. As a result, these 6.55 lakh bags having warranty of only one year were lying undistributed even after a lapse of more than three years, which resulted in unfruitful expenditure of ₹ 5.33 crore[160].

DBE in its reply (August 2018 and September 2019) did not provide any clarification regarding decision taken in respect of the 6.55 lakh bags lying undistributed. Further, against the short supply of 101.90 lakh school bags, it was stated that bank guarantee of the lead member of Consortium 1 amounting to ₹ 15.60 crore had been forfeited[161]. However, action taken by the Department is not complete as no decision regarding the undistributed bags was taken. Further, the matter of non-distribution of school bags was referred to the Department (December 2019), no reply was received (January 2021) despite repeated requests[162].

Thus, the procurement of school bags for distribution to students suffered from deficiencies in the bidding process, irregular supply orders and non-distribution of school bags to 1.15 crore students during 2016-17. Besides, 6.55 lakh school bags remained undisbursed even after a lapse of more than three years of their purchase.

[156] Consortium-1 supplied 7.51 lakh bags (short by 101.90 lakh bags); Consortium-2 supplied 35.19 lakh bags and consortium-3 supplied 35.88 lakh bags.
[157] Up to the date of announcement of assembly elections on 4 January 2017.
[158] Since only 65.27 lakh bags were distributed against the actual requirement (supply order) of 1.80 crore school bags for 75 districts.
[159] Vide letters dated 30 March 2017, 4 May 2017, 30 May 2017.
[160] Out of ₹ 9.46 crore due to suppliers for 6.55 lakh undisbursed bags, payment for ₹ 4.13 crore was outstanding as on September 2019, the further progress was not provided by Government despite reminders (May 2020 and October 2020).
[161] Deposited into the treasury through challan dated 01 June 2018.
[162] February 2020, March 2020, May 2020, August 2020 and October 2020

Higher Education Department

3.6 Unfruitful expenditure on installation of networking system

Non-functioning of wi-fi networking system in hostels of Deen Dayal Upadhyaya Gorakhpur University, Gorakhpur deprived the students of intended benefits and also resulted in unfruitful expenditure of ₹ 2.14 crore on its installation.

With the objective to provide online research material to research scholars/students and to enhance their knowledge, GoUP accorded (November 2013) administrative and financial approval (A&FA) of ₹ 2.14 crore for installation of wi-fi networking system in the hostels[163] of Deen Dayal Upadhyaya Gorakhpur University, Gorakhpur (DDUU). Uttar Pradesh Rajkiya Nirman Nigam (UPRNN) was nominated by the State Government as Executing Agency (EA) for the said work. The conditions of A&FA, *inter alia*, required releasing of funds by DDUU to EA immediately after its withdrawal from treasury; obtaining technical sanction (TS) of the competent authority before commencement of work; entering into agreement with the EA for execution of high quality works and also for timely completion; and submitting proposal for second instalment along with physical progress of the work and quality report after utilisation of 75 *per cent* of the sanctioned funds.

Scrutiny of records (April 2017) of DDUU revealed that the State Government released the first and second instalments of ₹ 1.06 crore and ₹ 1.08 crore to DDUU in November 2013 and July 2015 respectively. The first instalment was released to UPRNN in March 2014. DDUU released (December 2015) the second instalment to UPRNN on the basis of utilisation certificate submitted and funds demanded by the EA.

As per estimate submitted (June 2013) by UPRNN, the work was to be completed within three months from the date of issue of TS or release of funds, whichever was later. Subsequently, keeping in view the phased release of funds, UPRNN decided (May 2014) to take up installation of networking system in two hostels in the first phase and four hostels in the second phase of work. Accordingly, UPRNN was required to complete the first and second phases of works in February 2015 (reckoned from the date of issue of TS) and March 2016 (reckoned from the date of release of second instalment) respectively. Audit, however, observed that:

- Despite specific directions of the State Government in A&FA, DDUU did not execute an agreement with UPRNN. Further, in contravention of the conditions of the A&FA, the EA commenced the work without obtaining TS and 80 *per cent* of the first instalment was already utilised prior to receipt of TS in November 2014.

- As per information provided (April 2017) by DDUU, wi-fi facility was initially provided in February 2015 to students of the two hostels taken up in the first phase (Alaknanda Hostel and Gautam Budh Hostel), which was discontinued in May 2015 due to network attacks reported by National

[163] Six hostels named as Sant Kabir Hostel (Male), Nath Chandravat Hostel (Male), Swami Vivekanand Hostel (Male), Gautam Budh Hostel (Male), Alaknanda Hostel (Female) and Rani Laxmibai Hostel (Female).

Informatics Centre[164] (NIC). The network attack indicates that adequate preventive measures, such as firewalls, anti-virus softwares, etc., were lacking. Although the EA was responsible for on-site project management support, the reasons why the issue of network attacks was not fixed were not evident from the records.

Audit further noticed that wi-fi facility was subsequently provided to Gautam Budh Hostel in August 2015, but it stopped functioning in January 2016. In case of Alaknanda Hostel, wi-fi facility was resumed in March 2018, i.e., after a gap of 33 months, but it again stopped functioning in May 2018.

- The installation of wi-fi networking system in two other hostels (Swami Vivekanand Hostel and Nath Chandravat Hostel)[165] was completed in February 2018, *i.e.*, after a delay of two years. The wi-fi facility of Swami Vivekanand Hostel was not functioning since May 2018, whereas an inspection team of DDUU reported (May 2018) slow internet speed in Nath Chandravat Hostel due to which students were unable to download journals. Thus, in the hostels, where networking system were installed, the facility provided was for a limited period of a few months and of inadequate bandwidth, as evident from frequent complaints by students about its disruption.

- In case of the remaining two hostels (Rani Laxmibai Hostel and Sant Kabir Hostel), the wi-fi equipment were installed in July 2017, but remained non-functional (August 2020).

- Though the installation and commissioning charges (₹14.15 lakh) and extended warranty and on-site project management support charges (₹43.93 lakh) for a period of two years were already released to UPRNN, it did not provide these services as the wi-fi facility was neither installed timely nor was the installed system made functional for the period of warranty.

The wi-fi system is yet to be handed over to the DDUU (August 2020). The non-functional wi-fi system not only deprived research scholars/students of the intended benefits but also resulted in unfruitful expenditure of ₹ 2.14 crore.

The Government in its reply (September 2018) and the Directorate during discussion (February 2019), accepted the fact of non-execution of agreement with EA and stated that the installed system had neither been handed over[166] by EA nor made functional till date, though the EA was responsible for timely installation and proper functioning/maintenance of the networking system for two years. The Government also stated that instructions have been issued to Registrar/Finance Officer of DDUU for imposing penalty/taking legal action against those responsible for adopting irresponsible procedures in execution

[164] NIC reported in May 2015 that they had detected a network attack and a computer connected to the network was probably infected. NIC requested the University to fix the issue as soon as possible.

[165] Out of four hostels taken up in the second phase (Swami Vivekanand, Nath Chandravat, Rani Laxmibai and Sant Kabir)

[166] As informed by EA, wi-fi equipment installed at Alaknanda and Gautam Buddha Hostels were handed over to the University in November 2014, but the EA furnished only a list of equipment installed in these hostels, signed by a Hostel Superintendent. The Government, though accepted installation of wi-fi equipment in the hostels but stated that the system was not functional and no action for transfer of the installed system had been taken so far.

of works. However, DDUU was yet to take any action against the EA (September 2019).

The fact remains that DDUU released funds to EA without executing any agreement and did not set a timeframe for completion of the work. This, coupled with EA's lackadaisical approach in installation of wi-fi networking infrastructure in hostels and absence of any penalty for delayed/non-execution of work and non-functioning (August 2020) of the internet system, led to unfruitful expenditure of ₹ 2.14 crore.

Irrigation and Water Resources Department

3.7 Loss of ₹ 28.44 crore to the Government

The Government sustained loss of ₹ 28.44 crore on 10,73,639 cum excavated rocks sold to contractors at *ad hoc* rates and declaring 90,054 cum rock as unusable through non-transparent procedure. Further, no specific guidelines for disposal of minor minerals excavated during irrigation works were issued.

UP Minor Minerals (Concession) Rules, 1963 (MMR) defines mining operations as any operations undertaken for the purpose of winning any minor minerals and categorises building stones under minor minerals. The rules[167], *inter alia*, prohibit[168] any mining operation except under a mining lease or mining permit granted by the District Officer[169] on the basis of an application in form MM-8 seeking such permit; and royalty deposited[170] by the applicant at prescribed rates for the total quantity of mineral permitted. The rules also prohibit[171] transportation of minor minerals without a transit pass in form MM-11 issued by the District Officer in support of payment of royalty. The Government directed (October 2015[172]) that if any use of minor minerals is done by a contractor during the execution of public works without a valid transportation pass (Form MM-11), the royalty and value of the mineral (normally five times of the royalty) will be deducted from the bills of the contractor.

Audit scrutiny (December 2016 and January 2018) of records of two construction divisions[173] of the Department revealed that though there was clarity in the MMR that no operation to win a minor mineral could be undertaken without obtaining a mining lease or mining permit and depositing

[167] Rule 3(1) of UP Minor Mineral (Concession) Rules, 1963.

[168] No person shall undertake any mining operations in any area within the State of any minor minerals to which these rules are applicable except under and in accordance with the terms and conditions of a mining lease or mining permit granted under these rules {Rules 3 (i)}.

[169] An application for the grant of mining permit shall be submitted in form MM-8 in triplicate to the District Officer or to such other authority who may be authorised by the State Government to grant such permit (Rule 52).

[170] When an order granting a mining permit has been made under Rule 53, the applicant shall within 15 days of the communication of the order, deposit the royalty for the total quantity of mineral permitted in the said order at the rates for the time being specified in the First schedule to these rules and, if the holder of the permit, due to any reason attributable on his part, could not remove minor mineral within the permitted time, any amount deposited as royalty shall not be refunded (Rule 54).

[171] Rule 70 of MMR further stipulates that the holder of mining lease or permit, or a person authorised by him on his behalf shall issue a pass in form MM-11 or form e-MM-11 prepared through electronic process to every person carrying a consignment of minor mineral or any other mode of transport. The State Government may, through district officer, make arrangement for supply of printed MM-11 form books on payment basis.

[172] Chief Secretary, Government of Uttar Pradesh order No.3385/86-2015-292/2015 dated 15 October 2015.

[173] Irrigation Construction Division, Mauranipur, Jhansi and Irrigation Construction Division-5, Jhansi

the required amount of royalty, there was no specific provision in the MMR relating to ownership, authority empowered to dispose of and mode of disposal of minor minerals recovered during development and construction of dams, canals and wells by Irrigation and Water Resources Department. While the Directorate of Geology and Mining, Government of Uttar Pradesh did not consider[174] the Irrigation and Water Resources Department a competent authority to dispose of such mineral on its own and required the same to be disposed of through a committee constituted under the concerned District Magistrate as provided under MMR, the Irrigation and Water Resources Department issued orders and executed agreements for utilisation/disposal of hard rocks considering itself to be having authority over such material.

Financial Handbook Volume-VI of Uttar Pradesh (FHB) provides[175] that a Schedule of Rates (SoR) should be kept in each division to serve as a guide in setting rates. In response to information/clarification sought (February 2018) from the office of Chief Engineer, Project Betwa, Jhansi (CE), it was clarified (February 2018) that issue rates[176] of boulder/granite rocks obtained in excavation are determined on the basis of prevailing Schedule of Rates (SoR). However, as pointed out in the succeeding paragraphs, different divisions of the Irrigation Department adopted different methods for issuing the excavated hard rocks to contractors. Further, excavated rocks, which were not to be utilised on the work, were sold to the contractors without ensuring issue of valid transit passes in favour of the contractors, at times without any provision for the same in the agreement and also at arbitrarily decided rates. The deviation in fixation of issue rate of excavated hard rocks vis-à-vis applicable SoR resulted in loss of revenue to the Government as discussed below:

(i) The Government accorded administrative approval (January 2009) and financial sanction (June 2009) of ₹ 76.68 crore[177] for 'Modernisation of Pahari Dam' in *tehsil* Mauranipur of district Jhansi. Scrutiny of records (January 2018) of Irrigation Construction Division, Mauranipur, Jhansi (ICD) revealed that under the 'Modernisation of Pahari Dam' project, an agreement (*Agreement-1*) for construction of Pahari Dam, spillway and earthen embankment was executed (February 2009) between Irrigation Construction Circle, Mahoba and a contractor for ₹ 90.84 crore. As per Schedule B (bill of quantity) and Schedule E (issue rate of materials to be supplied by the department) forming part of the agreement, 20,000 cubic meter (cum) stone boulders were to be issued to the contractor at the rate of ₹ 147.50 per cum, worked out on the basis of average rates of stone boulders weighing 25-40 Kg (₹140 per cum) and 40-60 Kg (₹155 per cum) given in the Schedule of Rates (SoR) applicable in Jhansi Circle of Irrigation Department effective from September 2006.

Though the rates of stone boulders weighing 25-40 Kg and 40-60 Kg were revised by Jhansi Circle to ₹ 325 per cum and ₹ 345 per cum in March 2013

[174] As clarified by the Directorate of Geology and Mining in September 2019 in response to audit query.

[175] Paragraph 523 of FHB stipulates that a schedule of rates for each kind of work commonly executed should be maintained in the division and kept upto date to facilitate the preparation of estimates, as also to serve as a guide in setting rates in connection with the contract agreement. The schedule of rates also includes rates of materials.

[176] The rate at which materials are issued to the contractor for consumption in the work.

[177] The project was approved by Expenditure Finance Committee for ₹ 76.68 crore

and thus, the average rate of stone boulders works out to ₹ 335 per cum, the Division issued (June 2015) additional 3,31,477 cum of excavated rock[178] to the contractor at the rate of ₹ 147.50 per cum, i.e., issue rate fixed on the basis of SoR rates of September 2006. The stone boulders were also sold without ensuring issue of valid transit pass for transporting the minor mineral. Since the additional quantity of 3,31,477 cum of stone boulders issued to the contractor was not required for the work and therefore, was not part of the agreement, its sale at old SoR rate of ₹ 147.50 per cum against the prevailing rate of ₹ 335 per cum as per applicable SoR, resulted in a loss of ₹ 6.22 crore[179] to the Government.

The Government, in reply, stated (March 2019) that the stone boulders were issued to the contractor on the basis of schedule annexed with the contract, which was beneficial to the State exchequer, as the previous auction (July 2011) of hard rocks by Mining Department fetched less revenue at the rate of ₹ 78.30 per cum. The reply was not acceptable because excess quantity of boulders were issued to the contractor, without following a transparent procedure, at about nine year old rates, which resulted in loss of ₹6.22 crore including loss of royalty amounting to ₹ 2.49 crore. The sale of hard rocks was also made without payment of royalty in contravention of provisions of MMR, as ICD deposited the entire sale proceeds of ₹ 5.18 crore out of sale of 3,31,477 cum of excavated rocks to the receipt head of Medium Irrigation instead of depositing ₹ 2.49 crore to receipt head of royalty for Non-ferrous mining.

During discussion (July 2019), the Government assured that necessary instructions would be issued for disposal of hard rocks through auction. Government was, however, requested to furnish reasons for non-adoption of rates of prevailing SoR for issuing excess quantity of 3,31,477 cum, which was still awaited (September 2020).

(ii) The Government accorded administrative and financial approval (February 2015) of ₹612.04 crore for Erach Multipurpose Irrigation/Drinking Water Project on Betwa River. TS for the same amount was accorded by CE, Jhansi in January 2015.

Scrutiny of records (December 2016/January 2018) of ICD revealed that an agreement (*Agreement-2*) for construction of Erach Multipurpose Dam, spillway and its allied works was executed (February 2015) with a contractor at a cost of ₹ 468.27 crore. The *Agreement-2* stipulated for handing over of excavated hard rocks to the contractor at an issue rate of ₹100 per cum[180]. Audit noticed that rate of the minimum rate of stone boulder as per prevailing SoR (effective from March 2013) was ₹ 325 per cum, which was not taken

178 As per Schedule B forming part of contract, only 20,000 cum of stone boulder was to be utilised for this work. Therefore, the issue of remaining 3,31,477 cum hard rock was beyond the provision of the agreement. Further, as informed by ICD, Mauranipur, Jhansi (July 2019), the contractor utilised only 1828.01 cum of stone boulders on this work.

179 3,31,477 cubic meter x ₹187.50 = ₹62151937.50 (say ₹6.22crore).

180 The Irrigation Construction Division, Mauranipur, Jhansi informed (December 2016) that the issue rate was finalised on the basis of last rate obtained in the public auction of the excavated rocks from the concerned terrain, which was ₹ 78.30 per cum and the annual increase of eight *per cent* was added in the last auction rate to arrive at the issue rate. The Division, however, informed (February 2017) that the rate analysis was not available with approved estimates for the work.

into consideration while providing the issue rate in *Agreement-2*. This resulted in extension of undue benefit of ₹ 16.45 crore[181] to the contractor on providing 7,31,203.90 cum of hard rocks during March 2016 to December 2016 (upto XIIth running bill) and consequential loss of ₹16.45 crore to the Government, including loss of royalty amounting to ₹ 9.14 crore (calculated at prevailing rate of ₹ 125 per cum).

Irrigation Construction Circle, Mahoba informed (February 2018) that the authority executing the agreement was competent to sell the excavated rocks. The Government, however, stated (May 2019) that an inquiry for the financial irregularities had been set up and disciplinary action was being taken against the responsible officers. Earlier, in a meeting held (July 2017) under the Chairmanship of Principal Secretary, Irrigation and Water Resources Department, GoUP, it was directed to estimate the definite loss that occurred to the Government due to difference between market rate and issue rate (₹ 100 per cum) of the rock.

The fact remains that despite directives issued by the Government for fixing responsibility of the concerned officers, no definitive action was taken. During discussion (July 2019), the Government assured to provide details of action taken against the erring officers, which was still awaited (September 2020).

(iii) Audit noticed that TS for the revival project of Pahuj Dam was accorded (October 2007) by CE, Jhansi at a cost of ₹ 67.35 crore subject to the condition that the work should be started after financial/administrative approval. The Government accorded (February 2009) administrative approval of ₹ 63.53 crore for the project for which financial sanctions were issued in phases.

Scrutiny of records (December 2016) and further information collected (April 2019) from Irrigation Construction Division-5, Jhansi (ICD-5) revealed that under the project, an agreement (*Agreement-3*) for construction of spillway was executed (June 2009) between the Irrigation Construction Circle, Jhansi and a contractor for ₹ 26.12 crore. As per the provisions of the agreement, the useable excavated hard/granite stone would be issued to the contractor and the cost would be recovered at the issue rate of the Department. Audit noticed that:

As discussed at **(i)** above, the *Agreement-1* with the same contractor was executed (February 2009) by Irrigation Construction Circle, Mahoba for construction of Pahari Dam, spillway and earthen embankment under the project 'Modernisation of Pahari Dam'. The issue rate of excavated rocks under the agreement was worked out as ₹147.50 per cum on the basis of average rates of stone boulders weighing 25-40 kg and 40-60 kg given in Schedule of Rates (SOR) applicable in Jhansi Circle of Irrigation department. However, in case of *Agreement-3*, the issue rate of excavated rocks was decided (April 2014) by a Committee[182] at ₹100 per cum, which was calculated on the basis of average rate of ₹ 450 per cum for cut stone (khanda)

[181] (₹325 per cum - ₹100 per cum =) ₹ 225 per cum x 7,31,203.90 cum = ₹16,45,20,877 (Say ₹16.45 crore).

[182] Consisting of Superintending Engineer, Irrigation Works Circle, Jhansi, four Executive Engineers (EEs) of Irrigation Works Division (IWD)-1, II and III, Lalitpur, EE, IWD-V, Jhansi and Assistant Engineer, Irrigation Works Division, Matatila.

and boulder as per SoR and deducting therefrom ₹ 350 per cum towards charges relating to breaking of stones, stacking and royalty. Further, the division issued (April 2016, January 2018) 10,958 cum of hard rock to the contractor at the rate of ₹ 100 per cum and deposited the sale proceeds (₹10.96 lakh) in the departmental revenue head without ensuring issue of valid transit pass (Form MM 11) in favour of the contractor and payment of royalty in terms of Rule 3 (1) of MMR.

Had the issue rate of hard rock been fixed on the basis of average rate of stone boulders weighing 25-40 kg and 40-60 kg given in SoR applicable from April 2016, the issue rate of hard rocks would have been ₹ 582.50 per cum. Thus, the fixation of issue rate on *ad hoc* basis and subsequent issue of hard rocks at the rate of ₹ 100 per cum resulted in loss of ₹ 52.87 lakh to the Government.

Audit further noticed that during execution of the work under *Agreement-3*, 1,01,012 cum of granite rocks were excavated. The division, however, took into stock only 10,958 cum of the granite rock. The non-accountal of balance quantity of 90,054 cum of granite rock (boulders were weighing about one to two quintal) resulted in loss of ₹ 5.25 crore.

ICD-5 replied (April 2019) that the granite stone was sold as per the rates decided by the Committee; only 10 *per cent* of the excavated rock was assumed useful as per verbal directives of higher authorities and taken into stock; accordingly, balance quantity of 90,054 cum of granite stones was disposed of in the pits around Inspection House (IH) as per verbal directives of CE for which there was no evidence; and the rocks disposed were not verifiable as they were covered by soil. ICD-5 further stated (January and September 2020) that guidelines containing detailed procedure for storage and disposal of boulder/hard rock was not available with the Division; and there was no provision in the MMR regarding disposal of excavated rocks recovered during developmental work, authority competent to dispose of such rocks and fixation of rates.

The reply was not acceptable as granite rocks were sold to the contractor at lower rates than the rates applicable in accordance with SoR. Further, neither any reason was recorded nor confirmation[183] of the verbal orders was obtained in writing from the concerned authorities for considering 90 *per cent* of the granite rocks as non-usable and also for disposing the same in the pits around IH. Thus, the disposal of granite in the pits was doubtful.

The matter was reported to the Government (February 2020). Reply was awaited (January 2021).

Recommendations:

- *The Government should issue detailed procedure to be followed for disposal of the minor minerals extracted/recovered during activities by the Government Departments; and*
- *The Government should make codal provision or issue appropriate guidelines devising therein method for fixation of rates for issue of excavated minor minerals to the work and also for its sale to the prospective buyer.*

[183] As per GO No. 9/5/78-karmik-1 dated 4 December 1978, the subordinate concerned will obtain confirmation in writing of such verbal orders as soon as he receives them from the higher authority.

3.8 Undue benefit to the contractor

The Department extended undue benefit of ₹ 96.98 crore to the contractor by not recovering the cost of minor minerals used in the work without obtaining mining permit.

UP Minor Minerals (Concession) Rules, 1963 (Rule) defines mining operations as any operation undertaken for the purpose of winning any minor mineral, and categorises sand and building stone under minor mineral[184]. The Rules prohibit[185] any mining operation except under a mining lease or mining permit granted by the District Officer[186] on the basis of an application seeking such permit, and royalty deposited[187] by the applicant at prescribed rates for the total quantity of mineral permitted. With the objective to control illegal mining and pilferage of revenue, Government of Uttar Pradesh (GoUP) issued (October 2015 and September 2019) orders[188] for deduction of royalty as well as cost of minor minerals (usually five times of the royalty) from the bills of contractors and depositing the same into the specified head of account[189], if contractors fail to produce valid transit pass (Form MM-11) in support of payment of royalty.

The Government accorded (November 2010) administrative and financial approval (A&FA) of ₹ 652.58 crore for construction of Kanhar Irrigation Project (project) which included 'Construction of spillway with composite section on Kanhar river (SWCS)' at an estimated cost of ₹ 337.52 crore, and two[190] other works. Technical Sanction (TS) for SWCS was accorded (December 2010) by Chief Engineer (Bansagar), Allahabad[191]. The work was awarded (August 2011) to a contractor at a cost of ₹ 325.29 crore. Subsequently, due to change in rehabilitation package, adoption of richer specification[192] and increase in quantity of various items of work, the Government accorded (October 2015) revised A&FA of ₹ 2,239.35 crore for the project. The Chief Engineer, Kanhar Irrigation Project, Vindhyachal, Mirzapur accorded (November 2016) revised TS of ₹ 1,003.15 crore for SWCS at the rates of already executed (August 2011) agreement with the contractor and the latter continued to execute the work. The scheduled dates of start and completion of the work were August 2011 and August 2014 (extended up to December 2018) respectively.

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184 "Minor minerals" means building stones, gravel, ordinary clay, ordinary sand other than sand used for prescribed purposes, and any other mineral which the Central Government may, by notification in the Official Gazette, declare to be a minor mineral {Rule 2(7)}.

185 No person shall undertake any mining operations in any area within the State of any minor minerals to which these rules are applicable except under and in accordance with the terms and conditions of a mining lease or mining permit granted under these rules {Rules 3 (1)}.

186 An application for the grant of mining permit shall be submitted in form MM-8, in triplicate, to the District Officer or to such other authority who may be authorised by the State Government to grant such permit (Rule 52).

187 When an order granting permit has been made under Rule 53, the applicant shall, within 15 days of the communication of the order, deposit the royalty for the total quantity of mineral permitted on the said order at the rates of the time being specified in the First Schedule to these rules and if the holder of the permit, due to any reason attributable on his part, could not remove the minor mineral within the permitted time, any amount deposited as royalty shall not be refunded (Rule 54).

188 Circular No.– 3385/86-2015-292/2015 dated 15.10.2015 and No.-2146/86-2019-52(सा0)/2019 dated: 30.09.2019

189 Account Head 0853

190 'Malliya aqueduct-cum-via duct from Km 24.075 to Km. 25.800 of right Kanhar Canal' and 'Tunnel from 27.500 to 30.500 of right Kanhar canal.

191 Now Prayagraj.

192 From M-10 grade concrete to M-15 grade.

Scrutiny of records (October 2019) of Kanhar Construction Division-3, Pipri, Sonbhadra and information collected in January and October 2020 revealed that during construction work, the contractor used coarse sand available in the river Kanhar and stone excavated from the spillway foundation as well as available in Sundari quarry without obtaining mining permits or having a valid transit pass (MM-11) issued by the District Officer/mining lease holder. The Division was, therefore, required to recover royalty as well as cost of minor mineral from the bills of the contractor. The Division recovered royalty of ₹ 18.05 crore on these minor minerals from the bills of the contractor[193]. However, the cost of minor mineral used by the contractor in the work without furnishing MM-11 was not recovered. This resulted in undue favour to the contractor due to non-recovery of ₹ 96.98 crore[194] **(**up to the payment of 73rd running bill in August 2020).

Chief Engineer (CE), Kanhar Irrigation Project, Mirzapur accepted (July/August 2020[195]) that the contractor had not submitted MM-11 but added that the District Magistrate (DM), Sonbhadra had permitted the contractor to mine the stone with certain conditions including payment of royalty and, accordingly, royalty was being recovered from the contractor. CE also stated that the matter was reported (February 2017) to the Government and as per directives issued (January 2019) by the Government, DM, Sonbhadra constituted (February 2019) a committee for conducting an inquiry[196] and submitting (March 2019) its report within 15 days. However, even after lapse of more than one year, the committee had not submitted (July 2020) its report. The reply regarding permission granted by DM to the contractor for excavation of rocks is not acceptable as the permission issued by DM was only a permission for drilling and blasting work in Sundari village. Therefore, as per Government Orders (October 2015 and September 2019), the Department should have recovered the cost of minor minerals also amounting to ₹ 96.98 crore.

The matter was reported (February 2020/October 2020) to the Government. Reply was awaited (January 2021).

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193 As per the contract, the contractor shall furnish MM-11 in support of royalty paid on material consumed in the work, otherwise recovery of royalty on such materials consumed shall be made at the rates intimated by District Magistrate Sonbhadra. The rate shall be subject to amendment from time to time. Royalty rates in force at the time of agreement will continue to be valid for recovery purpose and binding on the contractor, or the variation amount shall be reimbursed to the contractor.

194 The computation for the cost of minor minerals recoverable from the contractor was as follows:

Name of minor mineral	Quantity used (lakh Cum)	Royalty applicable on minor mineral utilised by the contractor (₹ in lakh)	Cost of mineral recoverable (Five times of royalty) (₹ in lakh)
Sand	3.68	535.14	2,675.70
Grit	6.65	1,034.85	5,174.25
Boulder	3.73	369.53	1,847.65
Total		**1,939.52**	**9,697.60**

195 In reply to Statement of Fact issued in February 2020.

196 GoUP directed (January 2019) the DM Sonbhadra to constitute a committee for determining the minor minerals excavated during the construction works under Kanhar Irrigation Project and levy royalty on it and obtain the cost of minerals (five times of royalty) on such minor minerals which were used in the construction work by bringing without MM-11 from a site other than a valid lease site.

Medical Health and Family Welfare Department

3.9 Undue benefit to suppliers

The Department failed to impose penalty of ₹ 6.17 crore on non-supply of medicines/drugs resulting in undue benefit to the suppliers coupled with concurrent risk of inadequate patient treatment.

The policy issued (May 2011/ June 2012) by Government of Uttar Pradesh (GoUP) for procurement of drugs/medicines, surgical items and other equipment etc. stipulated inviting tenders by Central Medicine Store, Office of the Director General, Medical and Health, Uttar Pradesh (DGMH) and entering into rate contracts with suppliers for supply of drugs/medicines etc. to various hospitals of the Department. The conditions for supply under the rate contracts of medicine, *inter alia*, included automatic cancellation of any unexecuted order for supply of medicine/drugs after expiry of 60 days of their placement and recovery of liquidated damages at the rate of 20 *per cent* for the year 2015-16 and 15 *per cent*[197] for the year 2016-17 to 2018-19[198] of the value of unexecuted order from the supplier, irrespective of the indenting authority having actually suffered any damage/loss or not on account of non-supply of medicines/drugs.

Scrutiny of records of offices of Chief Medical Officers (CMOs)/Chief Medical Superintendents (CMSs) of 11 districts[199], conducted during August 2016 and September 2017, and information collected subsequently, revealed that 3,339 Purchase Orders (POs) valuing ₹ 37.37 crore placed to 374 suppliers[200] during the period 2015-16 to 2018-19 remained unexecuted even after lapse of 60 days from their placement and, therefore, these POs were automatically cancelled. Accordingly, as per conditions of supply, liquidated damages at the rate of 20 *per cent* (2015-16) and 15 *per cent* (2016-19), on the value of unexecuted orders, amounting to ₹ 6.21 crore (***Appendix-3.5***) were required to be recovered from the suppliers. It was, however, observed that no liquidated damages were recovered (except ₹ 4.47 lakh recovered by CMO, Bareilly from seven suppliers upto October 2020) resulting in undue benefit of ₹ 6.17 crore to the suppliers. Further, risk of the quality of treatment being compromised on account of non-supply of medicines or the patients being compelled to buy medicines from outside could not be ruled out.

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[197] Bid documents for rate contracts of medicine for the years 2016-17 and 2017-18 stipulated that if the supply reaches the designated places between 5 PM of the 30th day and upto 60th day from the date of supply, liquidated damages will be levied at 0.5 *per cent* per day for delayed supply respectively upto a maximum of 15 *per cent* irrespective of the fact whether the Government has suffered any damage/loss or not, on account of delay in effecting supply. It was further stipulated that in exceptional cases, indenting authority has every right to receive supply even after expiry of 60 days from the date of purchase order (provided an extension is granted on or before the 60th day) and in such cases; liquidated damages will be levied at 0.5 *per cent* per day but subject to maximum of 20 *per cent* of value of delayed supply. In case of alternate purchase effected due to non-execution, the differential cost incurred or the unexecuted fine, whichever is higher, will be levied. However, bid documents for the years 2016-17 and 2017-18 do not clearly mention the rate of liquidated damages to be applied in case of automatic cancellation of unexecuted orders after 60th day. Hence, recoverable penalty has been calculated in the para at the rate of 15 *per cent*, i.e., the maximum penalty chargeable upto 60th day.

[198] Medicines were purchased during 2018-19 on the basis of rate contract executed during 2017-18.

[199] Offices of CMO Meerut, CMO Mirzapur, CMO Varanasi, CMO Gonda, CMO Balrampur, CMO Bareilly, CMO Bhadohi, CMO Kushinagar, CMO Siddharthanagar, CMS District Hospital Faizabad and CMS, District Joint Hospital, Chakia,Chandauli.

[200] 66 suppliers for the year 2015-16, 67 suppliers for the year 2016-17, 110 suppliers for the year 2017-18 and 131 suppliers for the year 2018-19.

The Government accepted the audit observation and stated (April 2019) that as per bid conditions, the penalty was to be recovered by the respective offices of CMOs/CMSs and in view of this, Divisional Additional Directors of the concerned units had been directed to investigate the matter and submit report after fixing responsibility. Government also assured to take action against the responsible officers after receipt of the report. However, status of action taken in the matter was awaited (January 2021), despite reminders (May 2020 and August 2020).

3.10 Unfruitful expenditure on Central Oxygen System

Lackadaisical approach of the department resulted in unfruitful expenditure of ₹ 1.88 crore on procurement of Central Oxygen System, which could not be made operational even after a lapse of more than eight to ten years.

Financial Rules[201] stipulate that the main duty of officers entering into contracts is to ensure that the Government gets fair return for the money to be spent. Further, where it is considered advisable to delay payment till it is ascertained that the machinery is in proper working order, it should be definitely stated in the agreement that the payment of the balance is contingent on the proper working of the machinery.

Scrutiny of records (July 2015 and November 2016) of the office of Superintendent-in-Chief, District Hospital (Male) Agra and information collected subsequently (September 2019) revealed that the Government of Uttar Pradesh sanctioned ₹ 2.76 crore and ₹ 2.70 crore in February 2010 and December 2011 respectively, for procurement of equipment and furnishing material to upgrade the medical facilities in District Hospital (DH), Agra. Accordingly, DH Agra invited tenders in March 2010 and November 2011 and executed agreements with two firms in March 2010 and February 2012 respectively for supply of various equipment and furnishing material, including Central Oxygen Systems (COS). Accordingly, COS for 50 beds and 60 beds (total 110 beds) were supplied by respective firms at the cost of ₹ 0.83 crore (March 2010) and ₹ 1.29 crore (March 2012) respectively.

Audit observed that the agreement executed by DH Agra with the suppliers neither incorporated any express clause for installation and commissioning of the COS nor linked release of payment to suppliers with successful commissioning of the system. The conditions of tender forming part of the agreement simply stipulated that *"the entire responsibility of providing training for use, operation and preventive maintenance of the equipment will be of the suppliers. The equipment will be required to be of high quality. In case of non-receipt of satisfactory quality by the specialist, payment would not be possible."* The lack of definite and express conditions in the agreements, defining duties and responsibilities of the suppliers and also for releasing payment subject to successful commissioning of the COS, facilitated DH Agra to release the entire payment totalling ₹ 2.12 crore[202] to the suppliers after supply and installation of the components, but before making the COS

[201] Appendix XIX of Financial Handbook Volume V (Part-1).

[202] ₹ 0.83 crore and ₹1.29 crore in March 2010 and March 2012 against supplies of 50 beds and 60 beds COS respectively.

operational (except COS for 10 beds in ICU ward[203]). Further, while making payments, DH Agra neither ensured training to hospital staff for use and operation of the equipment and preventive maintenance of the system by the supplier nor recorded certificate stating that the quality of the COS supplied was found satisfactory by the specialist. Releasing full payment to suppliers without ensuring that the system was fully operational and without fulfilling all the other contractual obligations, led to lack of interest on the part of the suppliers in making the COS operational, which is reinforced by the fact that the COS remained non-operational despite repeated reminders[204] issued to suppliers in this regard. Even the security deposit, made by the suppliers could not be forfeited as it was taken in a non-recognised form[205], i.e. cheques, which became stale after lapse of their validity periods and could not be encashed.

On being pointed out by Audit (July 2015), the matter was taken up (September 2016) by DH Agra with both the suppliers[206] for making the systems operational. The surveyor deputed by the suppliers quoted (May 2016) a sum of ₹ 77,950 (excluding tax) on account of service charges and cost of equipment required for making the COS operational. DH Agra informed (June 2016) Director General, Medical and Health Services (DGMHS) and requested either to make allotment of ₹ 77,950, as quoted by the surveyor or direct the suppliers to make the systems operational. The office of DGMHS directed (July 2016) DH Agra to submit the particulars of Superintendents-in-Chief who were posted in the DH during 2009-12 and 2016-17 so that further action could be taken. Meanwhile, District Magistrate, Agra also wrote (May 2017) a letter to both the suppliers, but only one supplier submitted (September 2017) a revised estimate of ₹ 3.61 lakh for making the COS operational. The amount sought (September 2017) from the DGMHS was yet to be released (June 2020).

Government, in reply and during discussion (December 2017), accepted the audit observation and stated that the matter would be investigated and responsibilities would be fixed to avoid recurrence of such incidences in the future. Information regarding action taken by the Government in the matter was awaited (September 2020).

Thus, release of full payment to suppliers without getting the COS operational, failure to ensure preventive maintenance of the equipment supplied and imparting training to hospital staff for use of the system, and failure to take up the case timely with the supplier, to make the system operational led to the expenditure of ₹ 1.88 crore being rendered unfruitful. Further, despite the assurance of Government (December 2017) in response to the audit observation, the COS was lying non-functional (September 2020) and the hospital continued to depend on small cylinders.

[203] The COS for ICU beds was supplied and paid (₹ 24.17 lakh) in March 2012

[204] Against Supply Order of February 2012: October 2014, December 2014, March 2015, April 2015, June 2015.

[205] Paragraph 613 and 614 of Financial Handbook Volume 6.

[206] DH, Agra informed (September 2020) that since supplier of both the firms was the same, the letters and reminders, prior to 23.9.2016, were issued to only one firm.

Panchayati Raj Department

3.11 Non-recovery of revenue

Failure in issuing bills and demand notices timely for payment of license fee to licensees of liquor shops running under the jurisdiction of Zila Panchayats of Agra and Gonda resulted in non-recovery of revenue of ₹ 1.09 crore.

Under Section 239 of the U.P. Kshetra Panchayats and Zila Panchayats Act 1961 (Act), Zila Panchayats (ZPs) have the authority to make by-laws which, *inter alia*, include regularisation of business in areas under their management and fixing fees payable on sale of specified articles of food and drink. Accordingly, ZPs of Agra (August 1985) and Gonda (September 1990) made by-laws[207] and fixed the license fee recoverable from liquor shops running in rural areas at the rate of ₹ 5000 (country liquor shop) and ₹ 6000 (foreign liquor shop) per shop per annum in Agra and ₹ 1500 (₹ 1725 from 14 September 2013) per shop per annum in Gonda. Recovery of the license fee, as per Sections 147 to 155 of the Act, was to be made by issuing bills to the person concerned as early as possible mentioning the amount due; in case of default in payment of dues within 15 days of issue of bills, by issuing demand notice; and in case of further default in payment within 30 days, by issuing warrant for distraint and sale of moveable properties of the defaulter. Under Section 148 of the Act, a person shall be deemed to become liable for the payment of every tax and licence fee upon the commencement of the period in respect of which such tax or fee is payable. The Fourteenth Finance Commission had recommended that Local Bodies should improve their own source of revenue.

Scrutiny of the records of ZP Agra (January 2018) and ZP Gonda (May 2017) and information collected subsequently (May 2019) revealed that both ZPs failed to issue bills and demand notices for recovery of license fee from liquor shops running in rural areas of these districts during the period 2011-12 to 2017-18. Audit further noticed that even the list of liquor shop owners for issuing bills/demands were not available with ZP Agra and the ZP obtained the list from the Excise Department after the issue was raised by audit. The failure of ZPs in issuing bills and demand notices for the payment of license fee resulted in non-recovery of revenue amounting to ₹ 1.09 crore[208] (***Appendix-3.6***) pertaining to 2011-12 to 2017-18[209].

In respect of ZP Agra, Government stated (February 2019) that notices for the period 2011-12 to 2017-18 could not be issued by the ZP due to shortage of staff and the required action for recovery of licence fee from liquor shops was being taken on priority[210] on the basis of the list received (October 2018) from the District Excise Officer. In respect of ZP Gonda, Government stated (February 2019) that after receipt of the list from the Excise Department

[207] Agra: UP Gazette No. 3706/21/13 (3)-83-84 dated 14 August 1985 and amended on 23 August 1997, Gonda: UP Gazette No. 949/21-39(88-89)-7 dated 20 October 1990 and amended on 14 September 2013.

[208] ZP Agra: ₹ 84.29 lakh + ZP Gonda: ₹ 25.03 lakh = ₹ 109.31 lakh or ₹ 1.09 crore.

[209] After the issue was raised by audit, both ZPs had either recovered license fee for 2018-19 or issued notices to liquor shops running in rural areas of these districts.

[210] ZP Agra informed (May 2019) that license fee of ₹ 4.34 lakh had been recovered in 2018-19 (which included recovery of ₹ 1.64 lakh for previous years).

during 2017-18, ₹ 3.04 lakh had been recovered from liquor shops and notices were being issued to other liquor shops for recovery of dues[211]. The reply reflects the lackadaisical attitude of both ZPs in realising revenue, which deprived them from augmenting revenues from their own sources.

Public Works Department

3.12 Unfruitful expenditure on incomplete bridge

Inadequate detailed survey before construction of bridge and inordinate delay in taking remedial action after change in river course resulted in unfruitful expenditure of ₹ 16.17 crore on the incomplete bridge over Yamuna River at Mehra-Naharganj-Tundla road in Agra District.

Indian Road Congress (IRC) Project Preparation Manual for Bridges (IRC SP: 54-2000) prescribes[212] for topographic survey and hydrological survey as part of the preliminary investigation for bridge projects across any stream/river. The basic purpose of collection of hydrological data is to study the rainfall pattern and run-off characteristics of the basin under consideration, and thereby determine the likely discharge through the channel and thus decide upon the optimum waterway for the bridge. This Manual further provides that span arrangement for major bridge projects is, to some extent, dictated by the river regime. Establishing flow patterns, discharge, distribution, etc., become difficult for many reasons including meandering course of the river. Model studies give more definitive ideas about preferred alignment, flow patterns, discharge distribution, type and extent of guide bund etc., than analysis of data and studying maps.

The Government accorded (December 2010) administrative and financial sanction (A&FS) of ₹ 17.02 crore for construction[213] of a bridge on Yamuna River at Mehra-Naharganj-Tundla road in Agra district. Expenditure Finance Committee (EFC), while scrutinising the proposal for A&FS by the Government, recommended (October 2010) commencement of the work after carrying out a detailed survey and preparation of general arrangement of drawing; and directed to obtain a revised sanction from EFC before commencement of the work, in case of any significant deviation from the proposed data. Office of the Chief Engineer (Bridge), PWD, however, accorded (July 2011) Technical Sanction (TS) for the same amount (₹ 17.02 crore) on the detailed estimate which was prepared without hydrological survey and model study[214] of the river, despite the fact that the river had divided into two channels at a distance of 2.5 km in the upstream. A contract for construction of the bridge and its approach road/additional approach road was executed (July 2011) with stipulated date of completion as March 2013.

[211] ZP Gonda informed (May 2019) that licence fees of ₹ 0.85 lakh and ₹ 3.12 lakh had been recovered during 2017-18 and 2018-19 respectively.

[212] Paragraph 5 of IRC SP: 54-2000

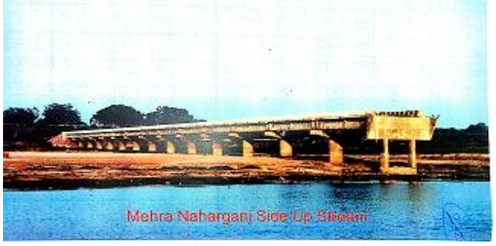
[213] 424.98 metre long bridge along with approach road (400 metre), additional approach road (1,100 metre) and safety works.

[214] E-in-C informed (August 2020) that model study was conducted by an external agency. However, the report of the external agency revealed that it provided only a topographical survey report.

Scrutiny of the records (July 2017) of Construction Division-II, Public Works Department, Agra revealed that the site for construction of the bridge was selected in March 2011 and the work was commenced in July 2011. Due to heavy rainfall in 2013-14, the river stream, over which the bridge was being constructed, changed its course and shifted 150 metre from Mehra-Naharganj-Tundla road towards the Agra side. EE intimated (June 2014) SE regarding change in course of the river and stated that it would not be appropriate to carry out construction of the bridge without its extension. In view of this, Engineer-in-Chief, PWD (E-in-C) constituted (June 2014) an Inspection Committee which recommended (November 2014) for construction of spurs and carrying out river training works to bring the river stream under the bridge.

Based on the recommendations of the Committee, a revised estimate of ₹ 28.27 crore was sent (May 2016) to the Government for sanction, but the Screening Committee did not find the recommendations of the Inspection Committee suitable. Subsequently, E-in-C constituted (January 2017) another Technical Expert Committee (TEC) to provide a report on requirement of river training works or extension of bridge or both keeping in view the present course of the river. The TEC recommended (January 2017) for extension of length of the bridge with seven to eight additional spans, construction of a spur to prevent erosion by the river, dredging of silt-created island and total station survey on both sides - one km upstream/downstream to ascertain the required expansion of the bridge[215]. Accordingly, a revised estimate of ₹ 42.34 crore was submitted (July 2017) by the office of Chief Engineer, Agra Zone (CE) to E-in-C office for sanction which was returned (July 2017) with certain objections. Subsequently, another revised estimate of ₹ 35.61 crore was sent (April 2018) to the Government for sanction. In view of certain clarifications sought (July 2019) by the Government, the estimates were further revised to ₹ 35.87 crore and submitted (January 2020) by the CE, which was under consideration (August 2020) in E-in-C office.

Photograph 3.12.1: Incomplete bridge on Yamuna River



Audit further noticed that PWD failed to stop construction of the bridge, though it was aware (June 2014) of the fact that the existing sanctioned length of the bridge was inadequate and further river training works were required for which sanction (FS/TS) of revised estimates was necessary. The construction works continued till completion of the bridge (March 2017) as per length approved in the original sanction. As a result, the constructed portion of the bridge was not usable for transportation, as depicted in Photograph 3.12.1, even after incurring an

[215] TEC also mentioned in its report that Government had sought (July 2016) clarification regarding the circumstances in which action for conducting model study to assess the course of river stream was not taken before the commencement of the construction of the bridge. However, despite request (January 2020 and February 2020), Department could not make the related communications (letter specified by TEC and explanation given thereagainst) available to Audit.

expenditure of ₹ 16.17 crore. Had a proper model study of the river stream been conducted, PWD could have determined the optimum waterways for the bridge in accordance with the provision of IRC SP:54-2000. Thus, the commencement of work without adequate detailed survey (hydrological survey and model study of river) and subsequent inordinate delays in processing/sanction of the revised estimate led to non-completion of the bridge even after a lapse of more than nine years of commencement of work and unfruitful expenditure of ₹ 16.17 crore.

On being pointed out in audit (December 2017), the Government replied (February 2019) that the revised estimate was under consideration. The reply was not acceptable because more than four years have passed since the first revised estimate was submitted by the division and the revised sanction was still awaited (August 2020).

3.13 Unfruitful expenditure of ₹ 1.90 crore on construction of bridge

Commencement of construction work of a bridge in district Agra without acquisition of land required for construction of its approach road led to unfruitful expenditure of ₹ 1.90 crore.

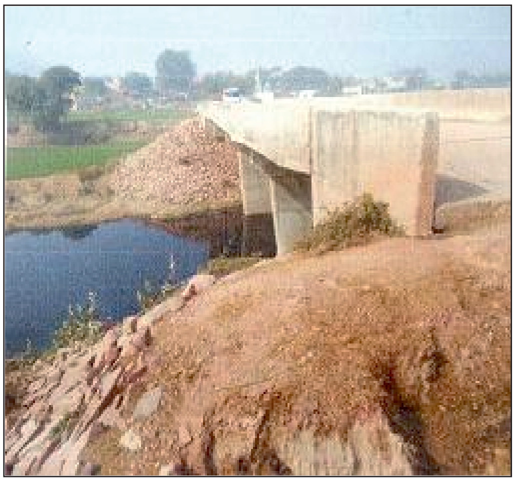
Paragraph 318 of Financial Handbook Volume VI of Uttar Pradesh (FHB) stipulates that technical sanction of a work is a guarantee that estimates are accurately calculated and based on adequate data. Paragraph 204 of Uttar Pradesh Budget Manual further cautions against wasteful expenditure being incurred on account of execution of large works being taken up even without availability of land.

The Government accorded (February 2011) administrative and financial sanction of ₹ 1.90 crore for construction of a bridge on Karban river situated at Ambedkar village Uncha and village Bans Munshi Road in district Agra, along with protection work and approach/additional approach road, for the benefit of the population of 27 villages. After technical sanction for the work (June 2011) by Public Works Department (PWD), PWD Circle, Agra executed (June 2011) a contract bond of ₹ 1.65 crore for the work with scheduled date of completion as June 2012. However, the construction of approach road and additional approach road was not included in the contract in order to keep the agreement cost within the cost approved for the work.

Scrutiny of the records (July 2017) of the PWD Construction Division-II, Agra (Division) revealed that though the construction of 200 metre approach road on both sides and 500 metre additional approach road on one side of the bridge required acquisition of land, the Division reported that no land was required on the basis of the verbal assurance given by a local Hon'ble Member of Legislative Assembly (MLA) for arranging the required land under ongoing *Chakbandi*[216]. The Division spent (March 2016) the entire available funds of ₹ 1.90 crore released during 2010-16 on construction of the bridge without ensuring availability of land for construction of its approach road/additional approach road. The land was also not made available under *Chakbandi*. Later on, a revised estimate of ₹ 3.98 crore, including acquisition cost of required

[216] Process of land consolidation.

land[217], was submitted (January 2017) to the Government, against which ₹ 3.95 crore was sanctioned (June 2019). However, against the required acquisition of 1.99 hectares of land, 1.03 hectares of land for approach road/additional approach road was yet to be acquired (July 2019). Thus, (a) due to submission of incorrect/incomplete detailed estimate by the Division on the basis of verbal assurance given by a local Hon'ble MLA and its sanction by PWD; and (b) commencement of work without ensuring availability of land required for construction of approach road/additional approach road, the bridge constructed over the river Karban could not be put to use even after lapse of about four years from its completion during 2015-16.



Photograph No. 3.13.1: Bridge constructed on Karvan river (photographed in December 2018)

Photograph No. 3.13.2: Approach road not constructed (photographed in December 2018)

The Government, in reply, stated (February 2019) that the work would be completed after sanction of the revised estimates; the same was sanctioned in June 2019. However, as per the status provided (May 2020) by the Division, the land acquisition for additional approach road was still in progress. Thus, the commencement of works without ensuring the availability of land, which was in violation of Paragraph 318 of Financial Handbook Volume VI and Paragraph 204 of Uttar Pradesh Budget Manual, led to unfruitful expenditure of ₹ 1.90 crore due to non-completion (May 2020) of the project even after lapse of nine years from its sanction.

3.14 Unfruitful expenditure on incomplete bypass road

Failure of the Department to ensure availability of land before commencement of work for construction of a bypass road near Bindki town, Fatehpur resulted in non-completion of the bypass road even after nine years of commencement of its construction and incurring expenditure of ₹ 7.88 crore.

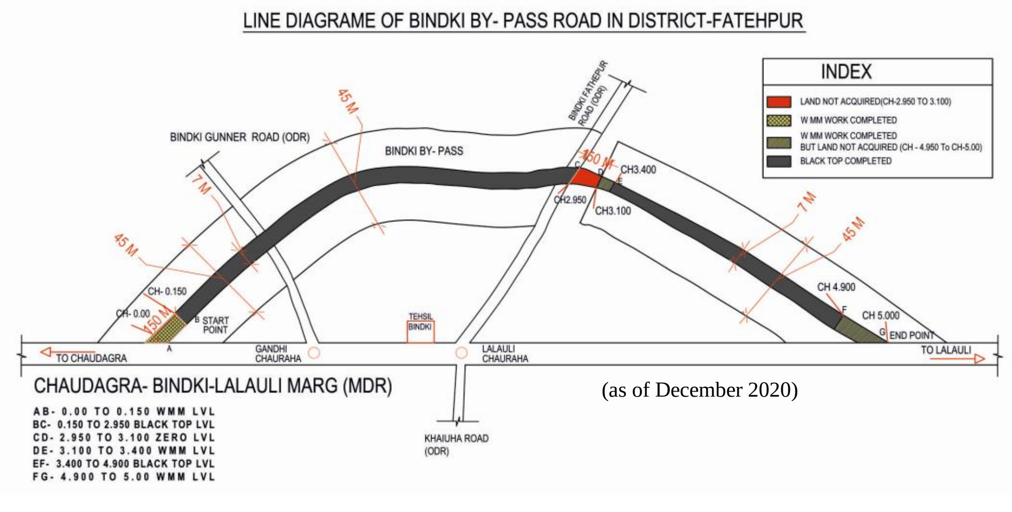
The Government accorded (July 2011) administrative and financial sanction of ₹ 8.23 crore for construction of a five kilometre long bypass road[218] with a

[217] Out of 1.99 hectare land required for approach road/additional approach road, the revised estimate included land acquisition cost for 1.81 hectare as remaining 0.18 hectare land was government land.

[218] A diversion at km 13.800 from Chaudagara-Bindki-Lalauli to connect the same road at km 17.750.

view to decongest[219] traffic between km 13.800 and km 17.750 of Chaudagara-Bindki-Lalauli road in Bindki town of district Fatehpur. Public Works Department (PWD) accorded Technical Sanction (TS) of the same amount and executed (September 2011) a contract[220] of ₹ 7.27 crore with scheduled dates of start and completion of work as September 2011 and July 2012 respectively.

Scrutiny of the records (March 2017) of Provincial Division, PWD, Fatehpur and information collected subsequently revealed that the work of constructing the bypass road was commenced in September 2011 and the Division acquired 19.5972 hectares of land during 2011-14 as against the requirement of 20.5802 hectares of land. Audit further noticed that the remaining land (0.9830 hectare[221]) required for construction of road between km 2.950 to km 3.100 (150 metre) and km 4.950 to km 5.000 (50 metre) could not be acquired (May 2020) even after a lapse of nine years of commencement of work (September 2011) due to objections raised by farmers on the compensation amount for land acquisition. As a result, 150 metre bypass road between km 2.950 and km 3.100 could not be constructed as of May 2020[222]. Despite the incomplete road, the contract for construction of bypass road was concluded and the final payment of ₹ 7.03 crore was made to the contractor (October 2015). Thus, the objective of sanction of bypass road to provide diversion at Km 13.800 from Choudagra-Bindki-Lalauli and to connect the same road at Km 17.750 and thereby to decongest traffic in Bindki town, could not be achieved due to non-completion of the bypass road between km 2.950 and Km 3.100, as depicted in the line diagram of the bypass road:



(as of December 2020)

The Government, in reply, stated (February 2019) that partial traffic was operational on three km of the road length and traffic load in terms of

219 Bindki town is situated on the main road, which connects districts Lucknow and Kanpur to Banda district. The roads from Bindki to Khajuha, Ghatampur, Bindki-Gunir and Bindki- Fatehpur are also connected to this road. As Bindki town is the main commercial centre for the local public, as per the estimates for the TS, the road mostly remains congested during marketing hours.

220 Contract bond No. 05/SE-Pratapgarh Fatehpur circle/2011-12.

221 Out of 0.9830 hectare of land remaining to be acquired, the Department stated (June 2019) that 0.1588 hectare of land between Km 0.000 to Km. 0.150 was now not required and the road work was in progress on the already acquired land.

222 The Department stated (June 2019) that land acquisition of 0.1170 hectare between Km 4.950 to Km 5.000 was yet to be done, though the road was constructed up to WMM level between these chainages.

commercial vehicle per day (CVPD) was 124; action for acquisition of remaining portion of land was being taken; and action was being proposed against the officers/officials responsible for not getting the registration deed of the land executed with farmers.

The reply was not acceptable, as commencement of work without acquisition of land was in violation of paragraph 204 of Uttar Pradesh Budget Manual, which cautions against wasteful expenditure incurred on account of execution of large works being taken up even without availability of land. Further, the traffic supposed to be diverted between km 13.800 and km 17.750 after construction of the bypass road was still entering into Bindki town and the traffic load on the partially utilised bypass road[223] was only 124 in terms of CVPD as against the projected[224] CVPD of 232 for the entire bypass road. Due to failure of the Department to ensure availability of land before commencing work, the bypass road remained incomplete despite incurring an expenditure of ₹ 7.88 crore (May 2020). Even if partial utilisation of the bypass road from km 0.000 to km 2.950 is taken into account, the expenditure of ₹ 4.79 crore[225] on the construction of unutilised road between km 3.100 and km 5.000 remained unfruitful since conclusion of the contract in October 2015.

3.15 Unauthorised aid to the contractors

Failure in ensuring compliance of conditions of the contract resulted in unauthorised aid of ₹ 19.79 crore to the contractors and loss of interest of ₹ 2.80 crore to the Government.

As per paragraph 367 of Financial Hand Book Volume VI, Engineers and their subordinates are responsible that the terms of contracts are strictly enforced and that no act is done tending to nullify or vitiate a contract.

Scrutiny of records of three PWD Divisions[226] and collection of information from Provincial Division, Kasganj revealed that the conditions of respective contracts for grant of equipment advances were not adhered to, which led to undue benefit to contractors, as detailed below:

(a) Contract for widening and strengthening of Meerut-Budaun Road

The Department executed (December 2016) a contract bond[227] of ₹ 87.83 crore for widening and strengthening of Meerut-Budaun Road in district Sambhal. As per General Conditions of Contract, the employer would make moblisation advance upto five *per cent* of the contract price, and equipment advance upto 90 *per cent* of the cost of new equipment brought to the site, subject to a maximum of 10 *per cent* of the contract price. The contractor was to use the advance payment only to pay for equipment, plant and mobilisation expenses required specifically for execution of the work. The contractor would demonstrate that the advance payment had been used in this way by supplying copies of invoices or other documents to the engineer. Interest would not be charged on advance payment.

223 Between km 0.000 and km 2.950
224 As per estimates of technical sanction
225 Proportionate expenditure on unuilised road = Expenditure on the road work (₹ 7.88 crore) X partially utilised road length (2.950 km)/completed road length (4.850 km).
226 Provincial Division, Sambhal; Provincial Division, Etah; and Construction Division-2, Lucknow.
227 Contract Bond No. 65/SE/PD/SBL/16-17 dated 22.12.2016

Scrutiny of records (March 2019) of Provincial Division, PWD, Sambhal and subsequent collection of information revealed that interest-free equipment advance of ₹ 8.78 crore was paid (₹ seven crore on 10.1.2017 and ₹ 1.78 crore on 31.1.2017) to the contractor. However, copies of 24 invoices for equipment worth ₹ 8.76 crore furnished by the contractor in support of utilisation of the advance revealed that six invoices totalling ₹ 4.25 crore pertained to equipment purchased well before the date of execution of agreement (22.12.2016), whereas 15 invoices totalling ₹ 3.80 crore pertained to equipment purchased after execution of agreement but financed by and hypothecated to finance companies. Thus, Provincial Division, PWD, Sambhal failed to ensure that equipment advances were granted only for new equipment purchased using these advances, as provisioned in the contract. This resulted in undue financial aid of ₹ 8.14 crore[228] to the contractor.

(b) Widening and strengthening of Etah-Kasganj road

The Department executed a contract bond[229] of ₹ 232.91 crore for widening and strengthening of Etah-Kasganj road in districts Etah and Kasganj. The work was executed under Aligarh Circle of PWD. The Provincial Division, PWD, Etah and Provincial Division, PWD, Kasganj were acting as Engineer's representative for their respective districts against the contract bond.

As per the contract[230], the employer would make mobilisation advance of 10 *per cent* of the contract price, and equipment advance of 90 *per cent* for new and 50 *per cent* of depreciated value for old equipment subject to a maximum of five *per cent* of the contract price. Further, the contractor was to use the advance payment only to pay for equipment, plant and mobilisation expenses required specifically for execution of the works. The contractor was to demonstrate that advance payment had been used in this way by supplying copies of invoices or other documents to the Engineer. Interest would not be charged on the advance payments.

Scrutiny of records (February 2019) of Provincial Division, PWD, Etah and collection of information from Provincial Division, PWD, Kasganj revealed that interest-free machinery advances of ₹ 11.65 crore[231] were paid to the contractor in July-August 2016. It was, however, found that the copies of 41 invoices for equipment worth ₹ 13.10 crore submitted by the contractor in support of machinery advance pertained to machinery purchased between December 2013 and May 2016, i.e., before execution of the agreement (July 2016). Thus, Provincial Division, PWD, Etah and Provincial Division, PWD, Kasganj did not adhere to the conditions of contract while granting equipment advances of ₹ 11.65 crore, which resulted in undue financial aid of ₹ 11.65 crore to the contractor.

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228 Undue financial aid = Equipment advance granted (₹8.78 crore) – 90% of three invoices for new equipment which were eligible for advance (i.e., 90% of ₹ 0.71 crore) = ₹ 8.14 crore

229 Contract Bond No. 27/SE-AC/2016-17 dated 30.7.2016.

230 In January 2016, Government of Uttar Pradesh directed that for all contracts above ₹ 100 crore, the Standard Biding Document (SBD) of MoRTH should be adopted. This work was executed as per SBD and therefore, the terms & conditions for granting advance for this road works was different from that in case of contract for widening and strengthening of Meerut-Budaun Road which was executed as per Model Bid Document (MBD) of PWD.

231 ₹ 5.82 crore in July 2016 by Provincial Division, Etah; ₹ 2.44 crore in July 2016 and ₹ 3.39 crore (total ₹ 5.83 crore) in August 2016 by Provincial Division, Kasganj

Pertinently, in case of another road work[232] (construction of three lane road on each side of Sharda Canal in District Lucknow), Construction Division-2, PWD, Lucknow granted an advance of ₹ 10 crore to the contractor, in March 2016 and May 2016, for equipment purchased during May 2014 to November 2015, i.e. prior to execution of the contract (March 2016). On being pointed out in Audit regarding inadmissibility of advance on old equipment, the Government stated in its reply (February 2019) that the total amount of advance and interest thereon (₹ 1.29 crore) had been recovered from the contractor in compliance with the audit objection.

Audit further noticed that the same contractor was executing contracts for both road works, i.e., widening and strengthening of Etah-Kasganj road and construction of three lane road on each side of Sharda Canal. Further scrutiny revealed that the contractor was granted equipment advance under both contracts on the basis of copies of bills/invoices for the same equipment totalling ₹ 7.98 crore (***Appendix-3.7***). Since both contracts provided for granting of equipment advance after the equipment was brought to site, the fact that three different PWD Divisions granted equipment advance between March 2016 and August 2016 on two different road works on the basis of the same purchase invoices (worth ₹ 7.98 crore) is a red flag indicating possible misappropriation.

Thus, the Department failed to safeguard the interests of the exchequer by disregarding the conditions of contract for payment of machinery advance and accepted invoices which did not pertain to purchases for these works. This resulted not only in unauthorised financial aid of ₹ 19.79 crore to the contractors but loss of ₹ 2.80 crore as interest to the Government (calculated at interest rate of 6.82, 6.54 and 6.50 *per cent per annum* applicable on government borrowings in the years 2016-17, 2017-18, 2018-19 respectively[233]).

Provincial Division, Sambhal replied (March 2019) that action would be taken after enquiry, Provincial Division, Etah replied (February 2019) that machinery advance was granted against new machines and Provincial Division, Kasganj replied (September 2020) that advance to the tune of 90 *per cent* for new and 50 *per cent* of depreciated value for old equipment was granted to the contractor in accordance with the contract. The reply of Provincial Division, Etah was not acceptable because the invoices of equipment furnished in support of the purchases revealed that the equipment were not purchased after execution of contract. The reply of the Provincial Division, Kasganj was not acceptable because as per the condition of the contract, the contractor had to use the advance payment only to pay for equipment required specifically for execution of the work. Action taken by Provincial Division, Sambhal was awaited (January 2021).

The matter was reported to the Government (December 2019). Reply was awaited (January 2021).

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[232] Contract Bond No. 108/SE-LKO Cir/2015-16

[233] Interest has been computed on the reduced outstanding balances available after recovery from respective Running Account Bills of contractors.

Social Welfare Department

3.16 Unfruitful expenditure on construction of girls' hostels

The Department failed to complete the construction of a girls' hostel for Scheduled Castes (SC) girls at Siddharthnagar district even after a lapse of 11 years from the date of sanction and after incurring entire sanctioned fund of ₹ 80.90 lakh. Besides, non-availability of staff and funds for functioning of three other constructed girls' hostels for SC girls even after seven to nine years of their construction rendered the expenditure of ₹ 3.64 crore incurred on their construction unfruitful.

Government of India (GoI) launched the "*Babu Jagjivan Ram Chhatrawas Yojana*", a centrally sponsored scheme for Scheduled Caste (SC) students, during the Third Five Year Plan 1961-66, which was subsequently revised in 2008. The objective of the scheme was to construct hostels through implementing agencies[234], especially for SC girl students hailing from rural and remote areas, towards the broader vision of containment and reduction of dropout rate.

Under the scheme, GoI approved (December 2008) ₹ 6.97 crore for construction of seven SC girls' hostels (₹ 6.87 crore towards construction and ₹ 0.10 crore for cot, table and chair at the rate of ₹ 2,500 per student) having total capacity of 100 boarders for Sitapur and 50 boarders each at Etah, Jyotiba Phule Nagar, Lalitpur, Maharajganj, Shravasti and Siddharthnagar districts. The construction of hostels was to be completed within a period of two years from the date of sanction by GoI. They were to be made operational soon after completion and the expenditure on maintenance of hostels were to be borne by the State Government. These hostels were for high school and intermediate students.

Scrutiny of records (March 2017) of the office of District Social Welfare Officer (DSWO), Jyotiba Phule (JP) Nagar and further information collected from Social Welfare Directorate (Directorate) and DSWOs of seven districts revealed that construction of all hostels, except at Siddharthnagar, was completed and buildings were handed over to the Department between September 2010 and January 2013.

The girls' hostel at Siddharthnagar was not completed even after lapse of 11 years from the date of sanction and after expending the entire sanctioned fund of ₹ 80.90 lakh[235]. The Directorate submitted (May 2015) the revised estimate amounting to ₹ 1.14 crore to Government. As no approval was communicated, another revised estimate of ₹ 1.17 crore was submitted to Government in August 2018. No construction was going on due to lack of fund. However, the State Government did not release (March 2020) the additional cost required (₹ 36.14 lakh) to complete the work, despite the fact that as per GoI sanction (December 2008), the cost overrun was to be borne by the State Government.

Further scrutiny and joint physical inspection (September 2019) revealed that three girls' hostels (Etah, Maharajganj and Sitapur) out of six girls' hostels

[234] State Governments/Union Territory Administrations; Central and State Universities/ Institutions; Non-Governmental Organisations (NGOs); and Deemed Universities in private sector.

[235] The construction agency reported (December 2018) progressive expenditure of ₹ 91.88 lakh.

were not functional even after a lapse of seven to nine years from the dates of their handing over to the Department due to non-availability of staff and basic facilities such as furniture, electricity and approach roads. Out of the remaining three hostels, two hostels at JP Nagar and Lalitpur were made operational after more than four years of taking over with adjustment of staff from other schools and hostels of the Department. They were running with only 18 boarders (JP Nagar) to 36 boarders (Lalitpur) during 2019-20 against the intake capacity of 50 boarders in each hostel. The hostel at Shravasti was operating at its intake capacity of 50 boarders by utilising the resources (staff and financial resources for electricity, water and sanitation) of Kasturba Gandhi Girls Residential School, Shravasti.

Audit also noticed that proposals for sanctioning of required posts[236], for four hostels[237], were forwarded (January 2014 and June 2015) by the Directorate to the Government with delays ranging between 11 to 55 months, from the date of taking over of the hostels[238]. Further, the Government also belatedly forwarded (July 2017) the modified proposal to the Planning Department for sanction of posts as well as the budget. The Directorate in its reply (March 2020) informed that a request for sanction of required posts for all seven hostels was forwarded[239] to the Government, which was under consideration. Thus, the sanction of manpower for these girls hostels was still awaited.

The Government in its reply (March 2019) stated that the sanction of posts was under process in consultation with the Planning Department. Regarding incomplete construction of hostel at Siddharthnagar, the Government stated that revised estimate of ₹ 1.17 crore for approval and request for release of additional ₹ 36.14 lakh was sent (October 2018) to GoI. The Government further stated (March 2020) that the fund was being provided for completion of Siddharthnagar girls' hostel and also action was being taken for sanction of posts so that the hostels could be operationalised in the next academic session.

The reply of the Government does not explain as to why the sanction of posts and funds required for operationalisation of these hostels could not be synchronised. There has been inexplicable delay in making these hostels fully functional, thus, rendering expenditure of ₹ 4.45 crore[240] incurred on the construction of four girls' hostels unfruitful.

3.17 Unfruitful expenditure on construction of residential schools

Preparation of incorrect estimates for construction of residential school complex, non-release of fund after approval of revised estimates and delay in placement of demand for sanction of teaching and non-teaching staff resulted in non-completion/non-operationalisation of Ekalvya Model Residential Schools in Sonbhadra and Bahraich, besides unfruitful expenditure of ₹ 25.39 crore.

Paragraph 212 of UP Budget Manual (UPBM) stipulates that project preparation should commence with the preparation of a Feasibility Report by

[236] One post of Superintendent, peon, watchman, sanitation worker , and two posts of cook in each hostel.
[237] Lalitpur, Shravasti, Siddharthnagar and Sitapur.
[238] Siddharthnagar hostel was not taken over.
[239] The Directorate did not specify the date on which proposal for required posts was sent to Government.
[240] Sitapur: ₹ 2.02 crore; Etah: ₹ 80.90 lakh; Maharajganj: ₹ 80.90 lakh and Siddharthnagar: ₹ 80.90 lakh.

the Administrative Department which, *inter alia*, should focus on analysis of the existing situation and preliminary site investigation. Paragraph 174 (16) of UPBM considers any uneconomical or apparently wasteful expenditure due to the inception of works without conducting proper preliminary surveys and preparing detailed estimates of the cost and obtaining necessary administrative and technical approval to the estimates as financial irregularity.

With the objective[241] to provide quality education to tribal students in remote areas, Government of Uttar Pradesh (GoUP) submitted (May 2010) a proposal to Ministry of Tribal Affairs (MTA), Government of India for sanctioning Ekalavya Model Residential Schools (EMRS) for the districts of Sonbhadra and Bahraich at a unit cost of ₹ 12 crore (total ₹ 24 crore). MTA accorded (September 2010) approval[242] and released the entire construction cost of ₹ 24 crore to GoUP in two equal instalments (September 2010 and December 2011) of ₹ 12 crore. On the basis of cost estimates evaluated by Project Formulation and Appraisal Division (PFAD), GoUP accorded (February 2011) administrative and financial approval (A&FA) of ₹ 22.74 crore for construction of one EMRS each in the districts of Sonbhadra and Bahraich, at a unit cost of ₹11.37 crore, and nominated (February 2011) UP Samaj Kalyan Nirman Nigam[243] as the Executing Agency (EA) for the work. GoUP also released the entire fund to the office of Director, Tribal Development (DTD) in two instalments[244] (February 2011 and November 2012).

Scrutiny of records (May 2017 and August 2018) of the Director, Social Welfare, Lucknow revealed that:

EMRS Sonbhadra

EA started (June 2011) the construction work of EMRS, Sonbhadra with targeted date of completion as December 2013. While the work was in progress, EA submitted (February 2014) a revised estimate of ₹ 20.40 crore on the grounds that the land provided for construction of school was in a hilly area which required additional works of hill/rock cutting, retaining wall, etc. and also that the original estimates were prepared at an old rate applicable for the year 2010. Subsequently, EA submitted (March 2016) a further revised estimate on work-done and work-to-be-done basis as required by PFAD. The revised estimate was approved (June 2016) by Expenditure Finance Committee for ₹ 20.70 crore. However, instead of releasing the differential cost of ₹ 9.33 crore, GoUP requested (May 2017) GoI to provide additional funds. GoI rejected (June 2017) the demand and directed GoUP to bear the additional cost out of State Tribal sub-scheme funds. Despite this, the State Government had not released fund for construction of EMRS (July 2020).

241 Ekalavya Model Residential School (EMRS) programme, started in the year 1997-98, is an intervention of the Government of India (GoI) to provide quality education to tribal students in remote areas. As per the scheme guidelines (June 2010), EMRS is managed by the State Government, whereas GoI provides capital cost for school complex construction and recurring cost @ ₹42,000 per child during the first year which may be raised by 10% every second year to compensate for inflation, etc.

242 Any escalation in cost was to be met by the State Government.

243 Now, UP State Construction and Infrastructure Development Corporation Limited.

244 ₹ 12 crore was released (February 2011) as first instalment of ₹6 crore for each EMRS; and ₹ 10.74 crore was released (November 2012) as second instalment of ` 5.37 crore for each EMRS.

Meanwhile, by the year 2015-16, the entire amount of ₹ 11.37 crore released to the EA was spent but the construction work remained incomplete[245].

Audit scrutiny revealed that the DM, Sonbhadra in his letter (May 2010) to the State Government had clearly indicated that the site available for construction of school was hilly[246]. Despite this the original estimate of ₹ 12 crore for construction of EMRS Sonbhadra did not include provision for hill/rock cutting, retaining wall, etc. clearly indicates that EA did not prepare the estimates keeping in view the topography of the land. The PFAD also failed to identify this lacuna in the estimates while recommending (December 2010) the cost of construction of ₹ 11.37 crore for EMRS, Sonbhadra. It may be mentioned that as per EMRS guidelines, GoI could provide ₹ 12 crore towards the capital cost for the school complex[247] with a provision to increase it up to ₹ 16 crore for hill areas. Thus, the incorrect estimation of capital cost by GoUP led to inadequate sanction for EMRS Sonbhadra and consequent unavailability of fund had delayed the construction, besides cost escalation due to time overrun.

GoUP, while issuing (February 2011) A&FA for the work, directed that the work be started only after technical sanction (TS) of EMRS was issued by the competent authority. The TS could have rectified the lacunae in the original estimates and thus, provided an early signal for further augmentation of funds for EMRS Sonbhadra. However, the construction work was commenced (June 2011) without obtaining TS, which was accorded (February 2014) by EA when the proposal for revised estimates was already forwarded to the Department.

Audit further noticed that on the directives (September 2019) of GoUP to submit details of minimum required fund for making EMRS operational, EA submitted a demand of ₹ 39.51 lakh to complete the most essential work[248] to make EMRS functional during the next academic session. Even this amount was not released (July 2020) by GoUP.

Thus, failure of EA to prepare the original estimates of EMRS Sonbhadra accurately and of PFAD to examine the estimates properly, lackadaisical approach of EA in approval of TS and non-release of fund by GoUP even after approval of revised estimate by Expenditure Finance Committee in June 2016 led to unfruitful expenditure of ₹ 11.37 crore on the construction of the school complex for EMRS Sonbhadra.

EMRS Bahraich

Paragraph 212 (VII) (4) of UPBM requires execution of a Memorandum of Understanding (MoU) with the work executing agency by the department before commencing construction work. While releasing (November 2012) the second instalment to DTD, GoUP also directed that the work be carried out after execution of MoU[249] with EA. In contravention of the provisions of

[245] Two dormitories, auditorium, pump-house, guest house, guard room, electrical control room, underground tank, culvert, boundary wall.

[246] DM, Sonbhadra had mentioned in his letter that the available land was of *Pahad Khata* and provided further details of location of land.

[247] including hostel and staff quarters.

[248] Installation of green board in the building, cleanliness and painting of the constructed building, wardrobe shutter in constructed dormitory.

[249] No such condition was there while releasing first installment.

UPBM and directives issued by GoUP while releasing the second instalment, DTD released (March 2011 to March 2013) the entire sanctioned cost (₹ 11.37 crore) and differential cost (₹ 2.65 crore) of revised estimate (October 2015) of EMRS, Bahraich totalling ₹14.02 crore to EA without execution of MoU. EA completed[250] (March 2017) the work with a delay of 39 months, against the target date of completion (December 2013). However, no responsibility was fixed for the delayed execution of construction works leading to cost over-run by ₹ 2.65 crore.

DTD also failed to plan and synchronise sending its demand for sanction of posts and sent (November 2017) its proposal to GoUP for 49 posts (teaching and non-teaching staff) after the Uttar Pradesh Scheduled Tribes Educational and Economic Development Committee[251] recommended (September 2017) creation of posts for EMRS, Bahraich, i.e., after seven years of sanction (September 2010) of EMRS, which were sanctioned (September 2019), after several reminders[252], with further delay of two years. GoUP, however, sanctioned these posts after a directive was issued (March 2019) by MTA, GoI imposing a ban on new recruitments in EMRS due to proposed revamping of the EMRS scheme. MTA subsequently (May 2020) allowed the State Government to appoint teaching and non-teaching staff for EMRS and the modalities for appointment of personnel was still in progress (October 2020). As a result, the EMRS building remained unutilised and the school was functioning (since academic session 2016-17) from the campus of another EMRS located at a distance of 135 Km away with substantially reduced capacity[253]

Thus, the objective of providing quality education to tribal students in remote areas could not be achieved despite incurring expenditure of ₹ 25.39 crore (EMRS, Sonbhadra: ₹11.37 crore and EMRS, Bahraich: ₹ 14.02 crore), which remained unfruitful.

DTD in its reply (February 2020) on EMRS, Bahraich stated that the EMRS would be made functional after receipt of approval of GoI for recruitment to the posts. The Government, during discussion (March 2020) on EMRS Sonbhadra stated that the amount of ₹ 39.51 lakh had been demanded for completion of essential construction works and the EMRS would be made functional after receipt of funds and completion of the work. The Government further stated (February 2020) that operation of both EMRS was delayed due to delays on the part of EA in completing construction and the arrangement for free education to Scheduled Tribes students would be ensured in these EMRS from the next academic session.

The fact remains that even after 10 years of sanction both the EMRS were non-operational due to lackadaisical approach of EA as well as the Department in construction of school complex and timely recruitment of teaching/non-teaching staff. Further, the Department had not fixed any responsibility for delays in construction attributable to EA.

[250] An expenditure of ₹ 14.02 crore was incurred against the original estimated cost of ₹ 11.37 crore after its revision.

[251] Uttar Pradesh Scheduled Tribes Educational and Economic Development Committee is a registered society which manages the affairs of EMRS at the State level.

[252] Nine letters were sent (November 2017 to August 2019) by the Department to GoUP for sanction of post.

[253] EMRS, Bahraich was started in EMRS, Saunaha in district Lakhimpur Kheri with 90 students against the strength of 480 students.

Technical Education Department

3.18 Unfruitful expenditure on government polytechnic building

Improper selection of land and non-preparation of feasibility report for construction of Government Polytechnic at Utraula, Balrampur, rendered the expenditure of ₹ 16.44 crore on construction unfruitful, despite a lapse of 10 years.

Government of Uttar Pradesh (GoUP) accorded (March 2009) administrative and financial sanction of ₹ eight crore for construction of a Government Polytechnic at Utraula, Balrampur under the Centrally sponsored scheme 'Sub-mission on Polytechnics under coordinated Action Plan for Skill Development'.

Audit noticed (August 2017) that on the request (January 2009) of Technical Education Department (TED), the district administration, Balrampur proposed (February 2009) a free-of-cost land for construction of the polytechnic, which was accepted[254] by TED as suitable for the purpose. Accordingly, 2.428 hectares of land was transferred (December 2009) to the Polytechnic. GoUP nominated (February 2009) a State PSU as the construction agency. The work was started in June 2009 (prior to transfer of land), and as per sanction order (March 2009), the building was to be completed by June 2010 so that the new academic session could be started from the building.

Scrutiny of records (August 2017) of the *Chhatrapati Shahuji Maharaj* Government Polytechnic, Balrampur revealed that TED did not prepare a Feasibility Report including preliminary site investigation before commencement of the project, as mandated in Paragraph 212 of the UP Budget Manual[255] (UPBM). The omission was further magnified by the Technical Sanction (TS) being accorded on a detailed estimate of ₹ 9.65 crore[256] in July 2009 without including estimates for earth filling, though the land had regular problem of inundation and prolonged water logging during the rainy season due to its vicinity to the river Rapti. This hampered[257] the physical progress of the work leading to increase in cost of material and labour. Subsequently, GoUP approved (September 2014) a revised estimate of ₹ 17.38 crore, which included provision of earth filling in low land, provision of pile foundation on the basis of soil test and some additional works[258].

[254] On the basis of joint inspection carried out (February 2009) by departmental officers, acceptance was made (February 2009) stating that the land was found suitable for establishment of Polytechnic as no other free-of-cost land was available in the district. The joint inspection team, however, failed to take notice that the proposed land was a low land having regular problem of inundation and prolonged water logging.

[255] Provides for commencement of all projects costing five crore and above with preparation of a Feasibility Report by the Administrative Department focusing on analysis of existing situation, nature and magnitude of the problems to be addressed, initial environment and social impact analysis, preliminary site investigations etc.

[256] For administrative and academic buildings, workshop buildings, boundary wall and gates.

[257] Report submitted by the construction agency in October 2009, physical inspections carried out by the departmental officer in November 2014 and June 2016 and joint inspection conducted by Audit along with departmental officer (April 2018) indicated that the progress of the work was hampered due to water logging and consequent non-transportation of building material.

[258] Boys and girls hostels, residential buildings etc.

Audit further observed that the construction agency handed over (December 2018) only the main/administrative building, workshop, overhead tank, boundary wall (included in the original estimate) and boys' hostel to the Department. The remaining works[259] were either incomplete/not handed over or not started. Even the handed over buildings were lying idle and could not be put to use for running classes as a survey conducted by Flood Division, Balrampur (January 2019) at the instance of the *Chhatrapati Shahuji Maharaj* Government Polytechnic (after Audit raised the issue) suggested various measures to make the buildings usable, which included earth-filling (one metre) to avoid water logging and related diseases, construction of safe approach road, and closure of campus with provision for shifting of students to a safer place during the period of floods (July to September)[260].

As a result of delays in construction, Civil Engineering and Mechanical Engineering courses of the *Chhatrapati Shahuji Maharaj* Government Polytechnic, Balrampur were running in Government Polytechnic building of district Gonda (58 Kms from Utraula, Balrampur) since the academic sessions 2012-13 and 2015-16 respectively, whereas Electronics Engineering course was not started despite approval for commencement of this course from the academic session 2013-14.

Thus, due to selection of an inappropriate land, the objective of construction of the polytechnic to create skilled manpower was not achieved[261], as even the few buildings, handed over to the Department after nine years of sanction of the work, could not be put to any use. This resulted in unfruitful expenditure of ₹ 16.44 crore (September 2020).

The Government stated (February 2019) that the land was provided by the district authorities in 2009 and at that time it was not affected by the flood water of river Rapti. The Government further stated (March 2020) that directions have been issued to the construction agency for early completion of work.

The reply was not acceptable as stoppage of work due to flood/water logging was reported by the construction agency to the *Chhatrapati Shahuji Maharaj* Government Polytechnic and by the Polytechnic to DTE in October 2009 and November 2009, i.e. prior to formal transfer of land, but the Department failed to conduct feasibility/site investigation before accepting the land. Regarding delay in completion of work, the Government stated that the construction agency was solely responsible for this whereas the construction agency stated that it was due to shortage of funds. The fact remains that the buildings, which were conceived to be made operational from the academic session 2010-11, were not usable (September 2020) even after their belated and partial completion/transfer due to selection of inappropriate land and non-completion of construction and associated works.

[259] Tube-well work, pump-house, residences of Principal, HoDs and lecturers, and internal road were incomplete/not handed over whereas work of girls' hostel was not started (September 2020) despite incurring expenditure of ₹16.44 crore against the total funds of ₹ 16.56 crore released up to September 2020.

[260] In the survey the fact that during this period even local residents migrate to take shelter at some safer place had been cited.

[261] Against the approved admission capacity of 1140 students during 2012-19, only 475 students took admission in Civil and Mechanical Engineering courses, running in the building of another polytechnic in Gonda.

Urban Development Department

3.19 Unfruitful Expenditure of ₹ 1.32 crore

Expenditure of ₹ 1.32 crore incurred on the construction of 61 shops remained unfruitful due to non-availability of entrance to the shops.

Paragraph 12 of UP Budget Manual (UPBM) stipulates that every government servant should exercise the same vigilance and care in respect of expenditure from public moneys under his control as a person of ordinary prudence would exercise in respect of expenditure of his own money. Further, paragraph 378 of Financial Hand Book Volume VI stipulates that no work should be commenced on land which has not been duly made over by the responsible civil officers.

Audit observed that with a view to avoid traffic jams caused due to existence of shops[262] alongside the outer face of the rampart of Rampur fort[263] and to decongest traffic through widening of road by shifting these shops, the Nagar Palika Parishad, Rampur (NPP) submitted (February 2013) a proposal of ₹ 1.58 crore to the Government for construction of 43 shops inside the fort premises under Naya Savera Nagar Vikas Yojna[264]. The Government accorded (May 2013) administrative and financial sanction (A&FS) of ₹ 1.02 crore and the entire amount was released (May 2013) to NPP for construction of these shops. NPP invited (July 2013) tenders for the work and the work order of ₹ 1.02 crore was issued (September 2013) to the lowest bidder with the directive to complete the work within 6 months. The Government also accorded (April 2015) A&FS on the revised estimate[265] of ₹ 1.32 crore and released (April 2015) the balance amount of ₹ 0.30 crore to NPP for completion of the remaining work.

Scrutiny of records of NPP, Rampur in December 2018 and further information collected subsequently (February 2019, March 2019 and August 2020) revealed that NPP constructed shops on the land belonging to the Horticulture Department without getting the title of the land transferred[266] in its favour. NPP got construction of 61 shops[267] completed (November 2016) at a total cost of ₹ 1.32 crore without ensuring provision of entrance into the shops from outside the fort. Although the proposal forwarded (February 2013) by NPP to the Government included provision for dismantling of a portion of the rampart for providing access to these new shops, the dismantling work was not included either in the detailed estimates/work order or in the revised estimates forwarded (February 2015) to the State Government. Resultantly, these shops could not be put to use despite a lapse of more than four years of their completion, leading to unfruitful expenditure of ₹ 1.32 crore. Further,

[262] Few of them were allotted by Nazul Department.
[263] Not a protected monument.
[264] The scheme was renamed (September 2017) as Pandit Deen Dayal Upadhyaya Nagar Vikas Yojna. Under the scheme, demand based interest free loan for infrastructural development is sanctioned to Urban Local Bodies.
[265] Revised estimates was submitted (February 2015) due to change in foundation structure at the time of work execution and inclusion of verandah in front of the shops.
[266] NPP requested (October 2013) Horticulture Department for transfer of land, which was awaited (August 2020).
[267] The estimate (₹ 1.58 crore) was prepared for construction of 103 shops. While forwarding the proposal, however, NPP erroneously (as stated by NPP) mentioned proposal for 43 number of shops and accordingly, Government issued A&FS for construction of 43 shops. Subsequently, design and drawings were changed at the instance of NPP authorities and only 61 shops were constructed.

the objective of decongesting traffic by widening the road was not achieved as the shops located alongside the outer face of the rampart could not be shifted to the new shops inside the walls of the fort.

In reply, the NPP stated (December 2018/March 2019) that the required portion of the rampart was to be dismantled after construction of the shops for providing entrance, but the dismantling of rampart could not be done due to resistance of shopkeepers alongside the outer face of the rampart. The reply confirms that due vigilance and care was not taken while preparing the estimates and before incurring expenditure from public money, and construction of new shops was undertaken without ensuring access to these shops.

The matter was reported to the Government (December 2019). Reply was awaited (January 2021).

3.20 Loss of interest of ₹ 2.49 crore

In contravention of the directives issued by the Government for keeping funds in saving bank account, Nagar Nigam, Ferozabad kept its funds in current account resulting in loss of interest of ₹ 2.49 crore.

The Finance Department, Government of Uttar Pradesh issued (March 2012/May 2015) instructions to all Departments that keeping Government funds in banks/post offices after its withdrawal from the treasury by Departments/Public Sector Units/Local Bodies was not in accordance with the provisions of Treasury Rules and Financial Handbook and directed that in cases where accounts of the Departments/institutions had been opened in banks with specific permission of the Government, the existing current bank accounts should be replaced with savings bank accounts. Directorate of Local Bodies, Urban Development Department further reiterated (August 2019) that according to the rules of the Finance Department, bank accounts are to be operated as savings accounts for the deposit of funds assigned under the Fourth Finance Commission recommendations.

Scrutiny of records (November 2018) of Nagar Nigam, Firozabad (NN) and information collected (April and November 2019) revealed that in contravention of the directives issued (March 2012) by the Government, NN kept funds relating to State Finance Commission, Mukhya Mantri Nala Nirman Yojna, Mukhya Mantri Sadak Sudhar Yojna, Antyesthi/Kabristan Yojna etc. in current account[268] of the bank during April 2013 to March 2019. As a result, no interest was received on the balances of funds ranging between ₹ 0.04 lakh and ₹ 42.13 crore kept in the current account during the period. This resulted in loss of interest of ₹ 2.49 crore calculated at the rate of interest applicable[269] from time to time during April 2013 to March 2019.

[268] The current account (no.10850294463) was opened in February 2000 by the then Nagar Palika Parishad in State Bank of India, Main Branch Firozabad.

[269] At the rate of 4 *per cent* per annum during 1.4.2013 to 30.7.2017; and at the rate of 3.5 *per cent* per annum and 4 *per cent* per annum on balance of less than ₹ 1.00 crore and more than ₹ 1.00 crore during 31.7.2017 to 31.3.2019. Loss on interest was calculated on daily balance (Interest = Daily balance x applicable interest rate ÷ days in the year).

NN accepted (April 2019 and June 2020) that the current account, operational since 2000 for keeping various funds, could not be replaced with savings bank account due to lack of awareness of the Government directives (March 2012). NN further stated that the Government's direction (March 2012) was not received by it and this directive was neither on the website of Finance Department nor available in the Manual of Government Orders. On being pointed out by Audit, the current account was closed by transferring the closing balance to savings bank account and State Finance Commission funds were being received in the savings account operated from May 2019. The reply indicates inadequate internal control due to which loss of ₹ 2.49 crore on interest occurred in a scenario wherein augmentation of revenues is needed.

The matter was reported to the Government (January 2020). Reply was awaited (January 2021).

Urban Employment and Poverty Alleviation Department

3.21 Unfruitful expenditure of ₹ 1.50 crore

Failure of the District Urban Development Agency, Kasganj to seek approval from the Archaeological Department before starting construction of 96 houses under the ASRA scheme near a Centrally protected monument resulted in unfruitful expenditure of ₹ 1.50 crore on the construction work which was subsequently stopped.

Section 20 (A) of Ancient Monuments and Archaeological Sites and Remains (Amendment and Validation) Act, 2010 (Act) stipulates that every area, beginning at the limit of the protected area or protected monument, as the case may be, and extending to a distance of 100 metres in all directions shall be the prohibited area in respect of such protected area or protected monument. No person, other than an archaeological officer, shall carry out any construction in any prohibited area. Sections 20 (B) and 20 (C) of the Act further provide that every area, beginning at the limit of the prohibited area in respect of every ancient monument and archaeological site and remaining and extending to a distance of 200 metres in all directions shall be the regulated area. Any person who owns land in any regulated area and desires to carry out any construction on such land may make an application to the competent authority for carrying out construction.

The State Government accorded (July 2015) administrative and financial sanction of ₹ 13.01 crore for construction of 252 houses[270] (each having an area of approximately 25 square metres) under ASRA scheme (started in January 2013) in Soron, Paharpur Katra, Kasganj with a view to provide low cost residential facilities to the urban poor in minority concentrated habitations and urban slums, to change their living standards and to improve their social environment. The houses were to be allotted to the eligible beneficiaries[271] on the basis of survey and public draw. The Government also

[270] ₹ 7.33 crore for construction of 142 houses for Scheduled Castes vide letter dated 3 July 2015 and ₹ 5.68 crore for construction of 110 houses for General Category of urban poor vide letter dated 13 July 2015.

[271] Persons residing in minority concentrated habitations and urban slums having monthly income of not more than ₹ 6,000 per month, registered rickshaw pullers, such homeless Other Backward Class/Scheduled Castes persons who are Below Poverty Line (BPL) card holders and rehabilitated manual scavengers.

sanctioned (July 2015) the first instalment of ₹ 6.50 crore to the State Urban Development Agency, Lucknow (SUDA)[272].

Scrutiny of records (July 2017) of SUDA and information collected (March 2019) from District Urban Development Agency (DUDA), Kasganj revealed that while releasing funds (₹ 3.66 crore) to DUDA, SUDA directed (August 2015) the former to ensure taking approval/no objection certificate (NOC) required under any State Government/local laws/rules and environmental clearances while undertaking work under the scheme. DUDA released (December 2015) ₹ 1.83 crore (out of ₹ 3.66 crore released by SUDA) as the first instalment to the executing agency (EA)[273] with the instruction to obtain approval of the map from local authority and also obtain all neccesary clearances from other departments prior to start of work. EA commenced (December 2015) the construction work in respect of eight blocks (96 houses). However, when the construction work reached pile foundation level, the District administration stopped (February 2016) the construction work in view of notice from Archeological Survey of India (ASI) that the construction site was within the prohibited area of a Centrally protected monument (*Sitaram Mandir*).

Under the scheme, DUDA was responsible for the selection of site and the Detailed Project Report[274] (DPR) for the project was to be approved by DUDA and thereafter by SUDA. Audit noticed that the land for construction of houses under ASRA scheme was provided (July 2013) by Nagar Palika Parishad, Soro and DUDA, Kasganj forwarded (January 2014) the DPR for construction of 252 houses on this land to SUDA. However, DUDA failed to acknowledge the presence of a Centrally protected monument near the selected site though Additional District Magistrate (ADM) and District Magistrate who were Project Director (PD) and Chairman of DUDA respectively were also part of the District administration. DUDA also failed to ensure the compliance of its instructions issued (December 2015) to EA for obtaining requisite approvals before starting the construction work. As a result, the construction work in respect of 96 houses was commenced without obtaining approval of the map and clearance from the Archaeological Department[275] despite the fact that a heritage structure was situated in close proximity of the construction site. Considering the objection of the Archaeological Department, the construction of the remaining 13 blocks (156 houses) was started (September 2016) at a new site provided (August 2016) by the District administration. This resulted in unfruitful expenditure of ₹ 1.50 crore incurred up to stoppage of work at the previous site, besides the objective of providing low-cost residential facilities to the urban poor under ASRA scheme was not achieved.

The Government, in its reply (May 2019) stated that a committee constituted (January 2019) at the instance of ADM, Kasganj / PD under the chairmanship of Sub-Divisional Magistrate, Kasganj found that out of 8 blocks (96 houses)

[272] Under the scheme, funds were to be provided by the State Government to District Urban Development Agency (DUDA) through SUDA.

[273] Under the ASRA scheme, a State PSU (Construction and Design Services, Uttar Pradesh Jal Nigam) was the executing agency for construction of houses.

[274] DPR was to be prepared by the executing agency.

[275] Under Ancient Monuments and Archaeological Sites and Remains (Amendment and Validation) Act, 2010.

under construction, 4 blocks (48 houses) were within the limit of 100 metres (prohibited area) of the protected monument. The remaining 4 blocks (48 houses) were situated between 100 metres and 200 metres (regulated area) of the monument, construction work of which could be completed in future after getting NOC from the competent authority, which had already been applied for (April 2019).

The reply confirms that due to failure of DUDA, Kasganj in selecting a suitable site for the project and ensuring that necessary clearances were obtained before commencement of construction work, 4 blocks (48 houses) situated within 100 metres of the monument would not be completed as no construction activity can be carried out within the prohibited area under the Act. Further, NOC for the remaining 4 blocks (48 houses) situated in the regulated area was yet to be received (January 2021).

(RAM HIT)
Accountant General (Audit-I)
Uttar Pradesh

PRAYAGRAJ
THE 19 March 2021

COUNTERSIGNED

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

NEW DELHI
THE 24 MAR 2021