

CHAPTER-VII
COMPLIANCE AUDIT OF
EXPENDITURE SECTOR

CHAPTER-VII: COMPLIANCE AUDIT OF EXPENDITURE SECTOR

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

Agriculture Department

7.1 Loss due to sale of certified seeds as grains

Lack of proper planning and imprudent decision to sell/auction the seeds as grain instead of storing and re-certifying them for distribution in the next season, resulted in a loss of ₹ 10.15 crore.

The Seeds Act, 1966 was promulgated for regulating the quality of certain seeds for sale and for matters connected therewith. Section 7 of *ibid* Act provides that the seeds of a variety can be sold only if it complies with the standards of minimum limit of germination and purity as specified under section 6 (a)¹ of the Act *ibid*. As per the “Indian Minimum Seed Certification Standards”, validity period of certification of a seed lot is nine months from the date of test at the time of initial certification, which can be extended as long as it conforms to the prescribed standards.

Rajasthan State Seeds Corporation Limited (RSSCL) was incorporated (March 1978) with the objective of production of certified seeds, their marketing and providing them to the farmers at reasonable price. As per instructions (October 2017) of the Agriculture Department, Government of Rajasthan, the certified seeds could be distributed for sowing to the farmers for a maximum of two hectare of land at subsidised rates.

RSSCL distributes a seed lot at selling price which is arrived at by adding overheads, administrative charges and profit margin (5 *per cent*) to the purchase price and net of subsidy to the farmers. The farmers get seeds at subsidised rates, while RSSCL gets subsidy from the government. Thus, RSSCL realises sale proceeds as per the selling price of the seeds.

Audit scrutiny (July 2019) of records revealed that for sowing in Rabi 2017 season, 5.32 lakh quintal² seeds of various varieties of Wheat, Mustard, Gram and Barley were available with RSSCL, of which 4.01 lakh quintal³ seeds were distributed (October-November 2017) to the farmers. However, 1.31 lakh

- 1 It specifies the minimum limit of germination and purity with respect to any seed of any notified kind or variety.
- 2 Wheat: 3,71,294 quintals; Mustard: 13,610 quintals; Gram: 1,21,679 quintals and Barley: 25,001 quintals.
- 3 Wheat: 2,52,554 quintals; Mustard: 7,939 quintals; Gram: 1,15,914 quintals and Barley: 24,389 quintals.

quintal⁴ seeds remained undistributed due to failure of monsoon and low upliftment in market as of December 2017. Considering the possible availability of 7.99 lakh quintal⁵ certified seeds for Rabi 2018 and possibility of damage to the undistributed seeds stored in High Density Polyethylene (HDPE) bags in which fumigation was difficult, the Board of Directors of RSSCL approved (December 2017) a proposal for disposal of the seeds through dealers at off-season rates and e-tenders/e-auctions so that working capital can be spared for procurement.

RSSCL, sold the seeds (9,466.6 quintals) to dealers at off-season rates (up to January 2018) and as grain (83,995.26 quintals) through e-tenders/e-auctions (March to September 2018) at prevailing market rates. Audit is of the view that RSSCL should have opted for recertification of undistributed balance seeds as a seed lot distributed to the farmers, fetches higher prices whereas a seed lot disposed off as grain fetches the market rate which is comparatively lower than rate of selling as seeds.

Audit observed that RSSCL, due to disposal of seeds as grain realised lower sale proceeds than the cost of procurement⁶ of seeds and had to suffer a loss of ₹ 10.15 crore (details in *Appendix 7.1*). This was also in deviation from the past practice of RSSCL to get recertification of the undistributed stock of seeds during 2014-17.

Thus, the decision to dispose undistributed seeds in the same year instead of getting re-certification and storing the balance seeds for distribution in the next season as permissible in “Indian Minimum Seed Certification Standards”, was not prudent. Also, the remaining seeds could have been packed in non-HDPE bags in order to facilitate fumigation to avoid infestation. Further, requirement of working capital could have been managed by reducing the procurement quantity of seeds after adjusting the quantity of seeds required to be recertified.

GoR stated (February 2021) that generally the undistributed seeds are carried over by RSSCL, however the selling/auctioning was done after Management’s decision, supported by valid reasons. It also stated that calculation of loss should be done by including only the procurement price and processing overheads. Other charges like staff and office overhead, sales promotion, financial overhead and depreciation/bad debts being fixed cost in nature should not be included. Besides, had the undistributed stock been carried over, a burden of ₹ 0.72 crore and ₹ 0.75 crore would have been borne towards storage and re-certification expenditure and moreover RSSCL got benefit of ₹ 1.24 crore also as interest by depositing the sale value in the bank.

Reply is not acceptable as there is a clear loss taking into account the purchase and selling price. Company being a commercial enterprise is supposed to

4 Wheat: 1,18,740 quintals; Mustard: 5,671 quintals; Gram: 5,765 quintals and Barley: 612 quintals.

5 On the basis of production forecast Wheat: 5,93,650 quintals; Mustard: 17,635 quintals; Gram: 1,01,624 quintals and Barley: 86,913 quintals.

6 Cost of procurement includes procurement price, overheads and other administrative costs.

strive towards ensuring a strong bottom line in its balance sheet. RSSCL works out the selling price of the procured seeds every year by adding overhead, administrative charges and 5 per cent profit margin to the procurement price. Further, even if the aspects of cost of storage, re-certification and benefit of interest are to be accounted for, the net loss would be ₹ 7.44 crore⁷. Even taking into account the fixed costs as suggested by the company the net loss would have been to the tune of ₹ 5.49 crore, as calculated by RSSCL itself.

Thus, the fact remains that the RSSCL did not plan the procurement and distribution of seeds properly for Rabi 2017 and its imprudent decision to sell/auction the undistributed seeds as grain instead of storing and re-certifying for distribution in the next season, resulted in a loss of ₹ 10.15 crore.

Further, in view of the fact that the complete stock of procured seeds is not distributed in the same year, RSSCL should prefer re-certification of entire quantity of undistributed seeds as early as possible to prepare a suitable procurement plan for next season. On conforming to the certification standards, these recertified seeds should be distributed for sowing in the next season and on failure, these should be sold through auction. Also, RSSCL can examine the feasibility of selling the certified seeds to the farmers for more than two-hectare land also, which would obviate the need to store the seeds for future periods and/or sell them as grain.

7.2 Undue benefit to private firm

The Rajasthan State Warehousing Corporation, instead of utilizing the storage capacity available under an existing beneficial contract, entered into a contract with less beneficial revenue sharing arrangement initiated through a *suo-moto* single source procurement system, which resulted in undue benefit of ₹ 1.57 crore to a private firm.

Section 31 (1) (b) of the Rajasthan Transparency in Public Procurement (RTPP) Act, 2012 provides that a procuring entity may choose to procure the subject matter of procurement by the method of single source procurement, if owing to a sudden unforeseen event, there is an extremely urgent need for the subject matter of procurement, and engaging in any other method of procurement would be impractical.

Rajasthan State Warehousing Corporation (RSWC), a public sector undertaking (GoR), provides storage facilities through network of its own warehouses across the State, to various Government agencies⁸ engaged in procurement of food grains, pulses, gram etc. under Public Distribution System/Price Support Scheme. To provide specialized warehousing infrastructure functionalities and better storage facilities to the stakeholders, the 'management and operation services' are outsourced to private firms.

7 ₹ 10.15 crore minus cost of storage (₹ 0.72 crore), cost of re-certification (₹ 0.75 crore) and benefit of interest (₹ 1.24 crore).

8 Food Corporation of India, Rajasthan State Co-operative Marketing Federation (RAJFED) and National Agricultural Cooperative Marketing Federation of India Ltd.

RSWC also acquires warehouses owned by private parties on lease basis as per requirement from time to time.

For the management and operation of RSWC owned 38 warehouses (storage capacity: 4.05 lakh MT), a Memorandum of Understanding (MoU) was executed (March 2010) between RSWC and a warehousing firm⁹ (vendor-A) for five years on revenue (gross storage income) sharing basis in the ratio of 68:32 between RSWC and the vendor respectively. RSWC also acquired four warehouses (storage capacity: 82,670 MT) owned by the vendor-A himself under this MoU. However for these warehouses storage income was to be shared in the ratio of 85:15 between the vendor and RSWC respectively. After a review in 2012, the MoU was further extended to 10 years from the date of execution of MoU by increasing the sharing ratio to 70:30.

Audit scrutiny (October 2019) of the records of RSWC revealed that, there was a dire need of additional warehouses for storage of wheat, gram and mustard to be procured by the various agencies during April-May 2018 as existing storage capacity (own and rented) was about to be exhausted. The Additional Chief Secretary, Agriculture also directed (10 May 2018) that storage facility was to be arranged considering all available options to avoid any inconvenience to the farmers. Therefore, RSWC was required to acquire more private warehouses at various locations.

Meanwhile, vendor-A, in addition to his existing MoU, offered (30 April 2018) warehouses at 33 locations having storage capacity of 3,76,621 MT at the prevailing RSWC's standard rates of rent. The proposal to acquire the warehouses from vendor-A was approved (11 May 2018) by RSWC on standard rate of rent (₹ 5.25 per square feet per month) and 'management and operation services' of acquired warehouses were also outsourced on existing revenue sharing arrangement (RSWC:70 and vendor:30) in the MoU. Similarly, another vendor¹⁰ (vendor-B) *suo-moto* offered (3 May 2018) storage capacity of 1,16,500 MT at 16 locations on rent plus revenue share basis for management and operation services which was approved (26 May 2018) on the standard rates of rent (₹ 5.25 per square feet per month) but revenue in this case was to be shared in the ratio of 58:42 (RSWC:58 and vendor B:42). Audit could not find any specific reason for agreeing to a different revenue sharing ratio, which was less favourable to RSWC.

As a result, at a common location, instead of warehouse of vendor-B, storage of goods in a warehouse provided by vendor-A was beneficial as RSWC was to receive more share (70 per cent compare to 58 per cent) of the storage income while rent of warehouses was same in case of both the vendors. Audit however, observed that at ten locations RSWC preferred storage of goods in warehouses provided by the vendor-B over commercially beneficial warehouses of vendor-A and storage capacity of 88,823.40 MT remained unutilised with vendor-A. Thus, by leaving the more beneficial warehouses/

9 M/s Shree Shubham Logistics Limited.

10 M/s Star Agri Warehousing and Collateral Management Limited.

storage capacity unutilized, RSWC had to pass on a higher share of ₹ 1.57 crore¹¹ to the vendor-B, till April 2020 as detailed in **Appendix 7.2**.

This resulted in loss of storage income of ₹ 1.57 crore and extension of undue benefit to the same extent to Vendor-B.

GoR stated (August 2021) that the offer of Vendor-B was accepted under section 31 (1) (b) of the RTPP Act 2012, taking into consideration the unprecedented demand and the emergent situations. Further, vendor-A had failed to provide storage facility at many places.

The reply is not acceptable as RSWC was free to prioritise the utilisation of contracted warehouses which were more beneficial to the corporation but it could not optimally use the storage capacity available with the vendors. Any document, regarding denial by vendor-A to provide storage facility at any specific location and initiation of any penal action against vendor-A, in case of its alleged default was neither noticed during Audit nor provided by the GoR. Thus, the fact regarding failure of vendor-A to provide storage facility under the existing MoU could not be verified from records.

Further, RSWC was fully aware of the forthcoming demand of storage for *Rabi* 2018 in March 2018; but instead of initiating tendering process, it went for single source procurement, under a *suo-moto* offer, finalized in May 2018. The RSWC could have easily completed the tendering process for availing storage capacity during the period of March to May 2018 (i.e. more than two months) as is evident from the tenders for next season (*Kharif* 2018) which were finalized within seven days at revenue share ratio of 74:26.

Audit noticed that acquisition of private warehouses and outsourcing of management and operation services of the warehouses is a regular feature in RSWC. Hence, Audit is of the view that the revenue sharing formula must be standardized on the lines of the rent in a transparent manner by way of competitive biddings or other appropriate manner of procurement as prescribed in RTPP Rules, 2013 to avoid making distress arrangements in the emergency.

Cooperative Department

7.3 Shortfalls in procurement of agriculture produce under Minimum Support Price

Department's failure in procuring the targeted quantities of oilseed and pulses under Minimum Support Price scheme deprived the farmers from getting guaranteed price for their produce.

Minimum Support Price (MSP) is an effective instrument of price policy and functions as safety net whenever market prices fall below MSP. Based on the recommendations of the "Commission for Agricultural Costs and Prices"

11 Average revenue (₹ 1,470.18 per MT)*Storage capacity that could be availed of from vendor-A (88,823.4 MT)*Difference of share ratio (12 per cent), where average revenue is total storage income (₹ 29.12 crore)/total availed storage capacity (1,98,068 MT) from vendor-B.

(CACP), Department of Agriculture and Co-operation, Government of India (GoI) declares MSP for 25 commodities¹² before the sowing season. The MSP is announced to ensure farmers are able to sell their produce at guaranteed prices and to save them from the unwarranted fluctuations in price caused by the variation in supply. GoI organizes procurement operations of these commodities through various public agencies and also fixes targets for procurement of the commodities. In Rajasthan, Co-operative Department is the nodal department for procurement of pulses and oil seeds under MSP. The CACP in its price policy for *rabi* and *kharif* crops provides recommendations on MSP of mandated crops by taking into account various factors such as cost of production, overall demand and supply situation, domestic and international prices and etc. The price policy also provides data and a fair comparison of market prices of various crops in the major producing States with their MSPs.

An audit analysis of CACP's data of five oilseeds/pulses revealed that the market prices of three commodities (urad, groundnut and soybean) during 2017-20 and two commodities (gram and mustard) during 2018-20, were **below their MSPs, in most of the season days**. Audit further noticed that yearly average prices of these commodities registered by the APMCs¹³ in Rajasthan were also below their MSPs during 2017-20.

The Rajasthan State Co-operative Marketing Federation Ltd. (RAJFED) is the State nodal agency (under Rajasthan Co-operative Department) for procurement of pulses/oilseeds in the State. Audit scrutiny (July-November 2019/January 2020) of records of RAJFED and information further collected (October 2021) revealed that during 2017-18 to 2019-20, against the target of procurement of 46.58 lakh metric ton (LMT) of five oilseeds/pulses, RAJFED could procure only 25.75 LMT (55.28 *per cent*), under MSP. There was significant shortfall in procurement of these commodities as shown in Table 7.1 below:

Table 7.1

S No	Name of crop	Year	Total Production in State in LMT	Target of procurement in LMT	Actual procurement in LMT (<i>per cent</i> of production)	Achievement of targets in <i>per cent</i>	Shortfall in achievement of targets (<i>in per cent</i>)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Gram	2018-19	18.40	5.88	5.80 (31.52)	98.64	1.36
		2019-20	26.58	4.17	1.20 (4.51)	28.78	71.22
2	Urad	2017-18	5.24	1.32	1.31 (25.00)	99.24	0.76
		2018-19	3.76	0.88	0.77 (20.48)	87.50	12.50
		2019-20	1.24	0.74	0.00027 (0.02)	0.04	99.96
3	Groundnut	2017-18	12.59	1.50	1.46 (11.60)	97.33	2.67
		2018-19	13.83	3.79	2.32 (16.78)	61.21	38.79
		2019-20	16.12	3.07	1.93 (11.97)	62.87	37.13
4	Soybean	2017-18	10.70	1.50	0.12 (1.12)	8.00	92.00
		2018-19	11.69	3.69	0.03 (0.26)	0.81	99.19
		2019-20	5.25	3.54	0 (0)	0	100.00
5	Mustard	2018-19	47.79	8.00	4.72 (9.88)	59.00	41.00
		2019-20	42.89	8.50	6.09 (14.20)	71.65	28.35
Total			216.08	46.58	25.75 (11.92)	55.28	

12 14 *Kharif* crops (Paddy, jowar, bajra, maize, ragi, arhar, moong, urad, cotton, groundnut, sunflower seed, soybean, sesamum, nigerseed); seven *Rabi* crops (wheat, barley, gram, masur {lenthil}, rapeseed/mustard, safflower, toria); four other crops (copra, de-husked coconut, jute, sugarcane).

13 APMC is a statutory market committee constituted by a State Government in respect of trade in certain notified agricultural or horticultural or livestock products, under the Agricultural Produce Market Committee Act issued by that State Government.

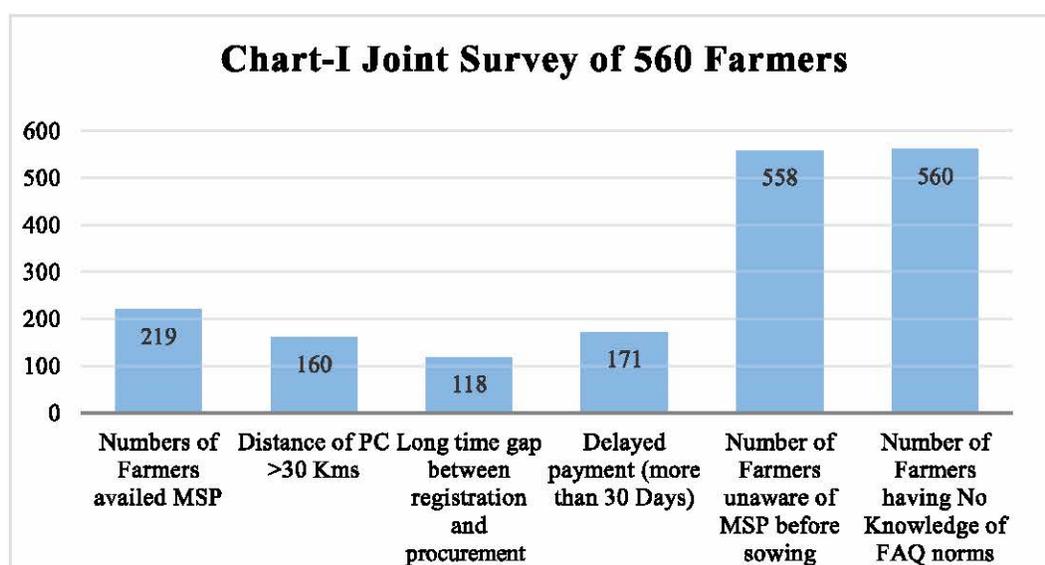
Audit also noticed that in comparison to the total production of these oilseeds/pulses in the State, procurement ranged between zero and 31.52 *per cent* (average of 11.92 *per cent*). Thus, despite availability of adequate quantity of these commodities and market price being below MSP, RAJFED could not procure the targeted quantities of these five oilseeds/pulses.

Lesser procurement under MSP compared to production, leads to a situation where bulk quantities are sold in open market which in turn results in drop in the prices. Vice-versa, when agency procures substantial quantities, prices of commodities also rises in the market.

Audit is of the view that if the farmers had been able to sell at MSP, they could have realized better prices for their produce as compared to the average APMC prices (*Appendix 7.3*).

Audit conducted (July-November 2019) a joint survey of 560 farmers with the officers/officials of Agriculture Department in order to analyse the reason for shortfalls in targets. The survey revealed that only 219 farmers (39 *per cent*) could sell their produce on MSP (*Chart-1*). During the survey, the farmers attributed distant location (more than 30 km) of procurement centers in 160 cases (28.57 *per cent*), long time gap (more than 30 days) between registration and procurement in 118 cases (21.07 *per cent*) and payments with delays of more than 30 days against prescribed period of three days in 171 cases (30.54 *per cent*) for shortfalls in targeted procurement. Farmers were also not aware of MSP prices before sowing (558 cases) and Fair Average Quality¹⁴ (FAQ) norms (560 cases). RAJFED stated (July 2021) that in case of online payment failure due to wrong bank account number, obtaining correct number takes a lot of time.

This indicates lack of sincere efforts on part of the Department in setting up accessible purchase centers, timely procurement/payment of the produces and prior intimation of MSP and FAQ.



14 FAQ norms shall be decided/ approved by the Department of Agriculture and Cooperation for each crop. Farm produce brought to the procurement center is at times rejected as it does not meet the FAQ Norms.

GoR endorsed (November 2021) the reply submitted by RAJFED in which it was stated that non-existence of provisions to procure sub-standard produces from farmers, farmers preference to sell their produce to local traders in case of insignificant difference between MSP and market prices (specifically in soybean) and requirement of certified documents for selling produces under MSP were the main reasons for shortfall in achievement of targets.

The reply is not tenable as for most of the season days the market prices were below the MSP, even in case of soybean. Further, the requirement of certified documents and correctness of bank account cannot be considered a genuine hindrance in procurement under MSP. These procedural requirement can easily be complied through proper education and assistance provided to farmers by the Department.

Thus, due to inadequate assistance and awareness provided to farmers and lack of proper strategy on part of the Department, the farmers of oilseeds/pulses (gram, urad, groundnut, soybean and mustard) could not be provided the safety net in case of market prices being below the MSP, as envisaged in the policy.

It is, therefore, recommended that:-

GoR should ensure setting up sufficient number of accessible procurement centers closer to the farmers and release timely payments for procurements under MSP. GoR should also give wide publicity about MSP and FAQ norms so that farmers are able to fully optimize the benefits of MSP.

Fisheries Department

7.4 Loss of opportunity to earn additional revenue

Department's decision of not providing opportunity to the only bidder left, after the failure of the highest bidder to comply with the prescribed rules, in violation of the General Financial and Accounts Rules led to loss of opportunity to earn an additional ₹ 3.97 crore.

The Rajasthan Fisheries Rules, 1958 prescribe the procedure for issuing license of fishing in the specified waters of the State. Rule 5 (1) (d) of the rules *ibid* stipulates that specified waters of all categories may be, by inviting tenders/open auction in accordance with the procedure prescribed in these rules, leased out for fishing for a period of five years. The lessee will have to pay cumulative increasing amount of lease money each year with an increase of 12 *per cent* of previous year's lease money. As per rule 6 (1) of the rules *ibid* the person whose bid is accepted, is required to pay one fourth of the amount offered at the time of acceptance of his bid and rest of the amount within a period of one month from the date of acceptance of his tender/bid failing which, the entire money deposited with the government including earnest money shall be forfeited and the same bidder shall be debarred from participating in auction/submitting tender for a period of two years.

These rules are silent as how to deal with a situation where highest bidder backs out of the bidding and does not execute the contract. However, it has been categorically prescribed in Delegation of Financial Powers under General Financial and Accounts Rules (GF&ARs) (Part-III) issued by Government of Rajasthan (GoR) at condition no. 2 (iv) in respect of revenue contracts (item 1A) that if the highest bidder backs out while finalising a revenue yielding contract and there is only one bidder left, the contract may be awarded to him provided that his bid is above the reserve price.

The Director, Department of Fisheries, GoR invited (February 2016) tenders to lease out 74 dams including *Bandh Gudha* (District-Bundi) for fishing for a period of five years from 2016-17, with stipulated date of opening bids as 30th March 2016. Against a reserve price of ₹ 0.95 crore for *Bandh Gudha*, two bids of ₹ 1.32 crore and ₹ 1.16 crore were received. The Department accepted the highest bid (H1) and conveyed (31st March 2016) acceptance to the highest bidder but the bidder failed to deposit the one fourth of the bid amount within the prescribed time.

Audit scrutiny (June 2020) of records revealed that the Department, instead of awarding the contract to the only bidder left whose bid was above the reserve price, cancelled (13th April 2016) the tenders in contravention of provisions contained in GF&ARs, as stated above. Earnest money deposited by the highest bidder was forfeited by the department. The Department further, invited fresh tenders in May 2016 and June 2016 but no bid was received. The Department thereafter, invited (August 2016) tenders after reducing the reserve price to ₹ 0.70 crore. Since, six months of the license period had already elapsed and next year (2017-18) instalment of the license fee was also falling due within next few months, Department had to accept (5 October 2016) a bid of ₹ 0.54 crore which was 23 *per cent* lesser than the revised reserve price. The contractor deposited ₹ 3.41 crore¹⁵ as license fee for five years during September 2016 to April 2020.

Audit is of the view that had the Department, after backing out of bidding by the highest bidder, awarded the license in March 2016 to the only bidder left at his offer price (₹ 1.16 crore) instead of cancelling the tender, it could have generated a revenue of ₹ 7.38 crore¹⁶ in the same period. Thus, the Department lost the opportunity to earn an additional amount of ₹ 3.97 crore. Moreover, the department could not debar the highest bidder on failure to deposit the one-fourth of offered amount as the condition was not incorporated in the tender document.

The Department stated (December 2020) that as per the Rajasthan Fisheries Rules, 1958, license of fishing could be issued only to the highest bidder. The Department further added that bidders had offered abnormally higher bids with *mala fide* intention to foil the tendering process. It also stated that had the Department given opportunity to the second highest (the only one left) bidder,

15 2016-17: ₹ 0.54 crore; 2017-18: ₹ 0.60 crore; 2018-19: ₹ 0.68 crore; 2019-20: ₹ 0.74 crore and 2020-21: ₹ 0.85 crore.

16 2016-17: ₹ 1.16 crore; 2017-18: ₹ 1.30 crore; 2018-19: ₹ 1.46 crore; 2019-20: ₹ 1.63 crore and 2020-21: ₹ 1.83 crore.

the bidder too would not have deposited the requisite amount as the contractors had made a pool in order to foil the tendering process so that they can continue illegal fishing in *Bandh*. Therefore, the two bidders had offered very high prices in comparison to reserve price. An example of similar tender in Sirohi (2018-19) was quoted where bidders other than H1 did not deposit the requisite amount despite being offered the bid one after another. In such a situation, finalisation of tender takes time and till license is awarded, illegal fishing cannot be prevented with inadequate staff. Therefore, cancellation of tenders in case of *Bandh Gudha* contract was a right decision. GoR stated (August 2021) that provisions of GF&AR are not applicable in tendering process of the Fisheries Department.

Replies are not acceptable as the Department's contention that the only bidder left, being a part of bidder's pool, would not have deposited the requisite amount, is hypothetical in absence of any supportive evidence. Even, in the Sirohi case, the Department gave offers to five bidders next to H1, who refused to execute the contract and the Department withheld their earnest money, which was not done in the case of *Bandh Gudha*. This indicates that in similar situations, the Department arbitrarily took decision for cancellation of tender in a case whereas it provided opportunity to other bidders next to H1 in another case.

Further, the contention of the Department that retendering was required in order to thwart illegal fishing and to find a genuine bidder is contradictory to its admission in the reply that neither the Department nor the selected genuine bidder could have prevented illegal fishing in the *Bandh*.

Thus, by not offering the license to the only bidder left in violation of the rules and later accepting a lower bid in retendering led to loss of opportunity to earn an additional amount of ₹ 3.97 crore. It is therefore, recommended that a suitable provision may be included in the Rajasthan Fisheries Rules, 1958 to enforce the tendering provisions contained in GF&AR to avoid ambiguity and to maintain transparency in process of leasing of the licenses through auction. Government may also consider measures to ensure rational deployment of the available staff to prevent illegal fishing in the big dams.

Food, Civil Supplies and Consumer Affairs Department

7.5 Loss of cash incentive under Direct Benefit Transfer in Kerosene

Non-conduct of timely assessment of quantities of PDS kerosene to be surrendered and not weeding out the ineligible beneficiaries resulted in failure to earn cash incentive under DBTK.

Government of India (GoI) launched (January 2016) Direct Benefit Transfer in PDS kerosene (DBTK) Scheme with effect from April 2016, with the objective to stop pilferage of subsidy and to reduce the outflow of central subsidy on kerosene to States/Union Territories (UTs) to a realistic level. The DBTK Scheme was applicable for four years from the date of commencement i.e. till financial year 2019-20 only. As per the Scheme, the States/UTs were to

be incentivized with cash incentives of 75 per cent of subsidy savings during the first two years, 50 per cent in the third year and 25 per cent in the fourth year, for implementing the DBTK.

Further, in case the States voluntarily agree to undertake cuts in kerosene allocation, beyond the saving due to DBT, a similar incentive was also to be given to those States/UTs. The calculation would be based on net savings in kerosene consumption at state level from the baseline (90 per cent of allocation¹⁷ in 2015-16). GoI allocated quarterly quota of PDS kerosene to the States, before commencement of that quarter. States were required to intimate the quantity of kerosene to be surrendered to GoI before end of the quarter, for cash incentive.

Test-check (August 2020) of records of the Commissioner, Department of Food, Civil Supply and Consumer Affairs, Rajasthan, revealed that the Department did not surrender any quantity of PDS kerosene till February 2018. Instead it approached the oil marketing companies (OMCs) to obtain data regarding the consumers who shifted to LPG, so as to ascertain exact number of consumers eligible for PDS kerosene. Till January 2017, OMCs had provided details of 60.40 lakh consumers out of the total 1.10 crore LPG consumers. Only after instructions (October 2017) from the Government to surrender the balance quantity after distribution of PDS kerosene through PoS, the Department surrendered (February 2018) a quantity of 1,69,696 KL for five quarters covering the period from July 2016 to September 2017 and requested GoI to grant incentive of ₹ 86.02 crore. The Department further surrendered a total quantity of 1,68,576 KL¹⁸ in May 2018, July 2018, January-February 2019 and April 2019. The Department also requested to grant the cash incentive for surrendered quantities as admissible.

Audit, however, observed that out of 12 quarters (July 2016 to June 2019), GoI accepted voluntary cuts for only three quarters viz. second (34,992 KL) and fourth (17,000 KL) quarters of 2018-19 and first quarters of 2019-20 (3,000 KL) and accordingly cash incentive of ₹ 77.52 crore¹⁹ was granted. Claims amounting to ₹ 222.81 crore (*Appendix 7.4*) for eight quarters (July 2016 to June 2018) submitted by the department belatedly, were not accepted being considered as lapsed quota instead of voluntary cuts.

GoR stated (October 2021) that the OMCs did not share data of the consumers who shifted to LPG. In the absence of which the actual number of beneficiaries for DBTK could not be ascertained and therefore, the quantity of kerosene to be voluntarily surrendered could not be ascertained. It was also stated that voluntary surrender could not be made as dissatisfaction among the

17 During 2015-16, annual quota of PDS kerosene was 4,95,180 KL for Rajasthan.

18 May 2018: 73,292 KL (last two quarters of 2017-18), July 2018: 75,284 KL (first two quarters of 2018-19), February 2019: 17,000 KL (last quarter of 2018-19) and April 2019: 3,000 KL (first quarter of 2019-20).

19 ₹ 34.77 crore granted in December 2018 (for 34,992 KL surrendered in second quarter of 2018-19), ₹ 4.88 crore granted in May 2019 (for 10,000 KL surrendered in fourth quarter of 2018-19) and ₹ 37.88 crore granted in March 2021 (for 7,000 KL surrendered in fourth quarter of 2018-19 and 3,000 KL surrendered in first quarter of 2019-20).

consumers was prevailing in the State due to shortage of kerosene caused by voluntary surrender by GoR.

The reply is not acceptable as the Department did not utilise its own data being captured through its distribution network on *Bhamashah*²⁰ platform while distributing the kerosene to the PDS beneficiaries for estimating the quantities to be uplifted/consumed in relevant quarters. The Department waited for nine quarters to obtain the data from OMCs. Further, the Department started voluntary surrender of kerosene since second quarter of 2018-19 purely on an estimation basis as the complete data of consumers who shifted to LPG has not been provided by the OMCs till date.

Dissatisfaction among consumers due to shortage of kerosene also cannot be accepted as genuine reason for not surrendering the kerosene as the Department, while implementing the scheme was required to ensure full entitlement of kerosene to the eligible/genuine beneficiaries (by weeding out the ineligible beneficiaries).

Thus, failure of the department to timely surrender kerosene by assessing the quantities to be uplifted/consumed through its own beneficiary database and in weeding out the ineligible beneficiaries resulted in loss of cash incentive of ₹ 222.81 crore.

7.6 Imprudent procurement of excess sugar

Delayed/non distribution of subsidised sugar to the eligible beneficiaries and procurement of sugar in excess of the requirement resulted in piling up of huge stock and ultimately rendered the subsidised sugar worth ₹ 2.73 crore being unfit for human consumption.

Sugar is a perishable commodity and is damaged/rendered unfit for human consumption if stored for a long period. Government of Rajasthan (GoR) provides sugar to the beneficiary families on subsidized rates under the Public Distribution System (PDS). The Rajasthan State Food and Civil Supplies Corporation Ltd. (RSFCSC) is the nodal agency in the State to lift the levy sugar from mills or procure from open market and supply to the fair price shops for distribution to Below Poverty Line as well as *Antyodaya Anna Yojana* (AAY) families²¹ under PDS. Since June 2013, amount of subsidy was being reimbursed at the rate of ₹18.50 per kg for actual quantity distributed by Government of India (GoI). From June 2017 onwards, GoI restricted (May 2017) the supply of one kg subsidised sugar per family per month, to the AAY

20 Bhamashah Yojana was introduced (August 2014) by GoR to transfer financial and non-financial benefits of Governmental Schemes directly to women recipients' bank accounts in a transparent manner. Ration items were being distributed in Public Distribution System through Point of Sale Machines under Bhamashah Scheme from 2016-17 onwards.

21 AAY families identified under the National Food Security Act, 2013 and its relevant Rules.

families only. GoI revised (June 2017) state quota²² to 932.10 metric ton (MT) sugar per month for distribution to 9.321 lakh AAY families (maximum ceiling) identified under National Food Security Act, 2013.

Test check of records of RSFCSC revealed (June 2020) that RSFCSC invited bids through e-tender (15.09.2017) for rate contract of 11,185.20 MT sugar (out of production seasons of 2015-16, 2016-17 and 2017-18) to be distributed for the period April 2017 to March 2018 (9.321 lakh AAY families). RSFCSC at beginning of the year 2017-18, had a balance of 7,340.00 MT undistributed sugar at its district depots. RSFCSC issued (November and December 2017) four orders for supply of 11,185.20 MT sugar, against which actually 10,816.31 MT sugar was supplied.

Audit observed that there were only 6,75,935 AAY families in the State (registered on the Department's portal) at that time. As per revised policy only 8,111.22 MT²³ of sugar was needed for distribution. Therefore, RSFCSC was required to procure only 771.22 MT²⁴ for the year 2017-18. On the other hand due to delayed distribution, against the target (8,111.2 MT), only 2,978.79 MT (36.72 per cent) sugar could be distributed to the AAY beneficiaries during 2017-18. RSFCSC continued distributing sugar to the beneficiaries from this old stock in 2018-19 (4,222.60 MT), 2019-20 (3,614.20 MT) and 2020-21 (5,808.504 MT) and still 1,532.216 MT²⁵ subsidised sugar remained undistributed in stock at the end of March 2021.

Further, RSFCSC had to store/handle huge stock of sugar pertaining to production seasons of 2015-16, 2016-17 and 2017-18 for more than two to three years and ultimately, 675.626 MT sugar worth ₹ 2.73 crore²⁶ was rendered unfit for human consumption (March 2021).

On being pointed out (December 2020), the Department, while accepting the facts (June 2021), attributed the reasons for lesser distribution of sugar to relatively higher issue rate of the sugar than before, low ceiling of sugar distribution of only one kg per family per month and lack of interest among the fair price shopkeepers and eligible families etc. Further, allocations up to district level, for distribution from the old stock were made by the department, but sub-allocation orders could not be issued by the district supply officers (DSO), due to which stock of undistributed sugar increased. Further, for the disposal of Spoiled/Yellow/Frozen and expired sugar, a committee has been constituted.

Thus, imprudent decision to procure sugar significantly in excess of requirement resulted in loss of ₹ 2.73 crore. Also, the subsidised sugar was not

22 Earlier, annual quota of sugar for the State was 93,196 MT (7,342 MT per month plus 5,092 MT for festivals).

23 6,75,935 families x one kg per family per month x 12 months.

24 Total requirement (8,111.22 MT) minus available stock (7,340.00 MT).

25 Available stock at the beginning of year 2017-18 (7,340.00 MT) plus Procurement for 2017-18 (10,816.31 MT) minus Distribution for 2017-18 (2,978.79 MT) minus for 2018-19 (4,222.60 MT) minus for 2019-20 (3,614.20 MT) minus 2020-21 (5,808.504 MT) : Balance = 1,532.216 MT.

26 Unfit Sugar (675.626 MT) x Cost of Procurement (₹ 40,440 per MT).

distributed to the eligible beneficiaries during April 2017 to September 2017 despite availability of adequate stock. Audit is of the view that if the sugar been distributed immediately after receipt of the new guidelines (June 2017) from the outstanding stock of previous years and if procurement had been made after considering stock in hand, the wastage of sugar could have been avoided.

The matter was referred (May 2021) to the Government and the Government was reminded in July and September 2021. Their reply was still awaited (January 2022)

Labour Department

7.7 Blockage of funds for Six years

The laxity of Rajasthan Building and Other Construction Workers' Welfare Board in finalising the location and taking possession of the land allotted by Jaipur Development Authority for construction of workers houses resulted in blockage of ₹ 13.74 crore for more than six years and deprived the Building construction workers of the benefits of the group housing scheme.

Rajasthan Building and Other Construction Workers' Welfare Board (the Board), was established (July 2009) to perform the functions assigned under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (the Act) for the welfare of building and other construction workers (the beneficiaries²⁷).

The Board, in its meeting, decided (January 2015) to prepare suitable proposals regarding the construction of 1,000 multi-storied houses for beneficiaries under the Affordable Housing Policy of the State Government in consultation with the Urban Development, Housing and Local Bodies Department (UDD). Accordingly, the Board approached (March 2015) Jaipur Development Authority (JDA) to allot a suitable piece of land in Jaipur. JDA sent a list of plots to the Board on 10 April 2015 with the request to finalise and send willingness within 15 days.

Audit scrutiny (November 2020) revealed that the Board took more than 100 days to finalise (July 2015) the proposal for purchase of land from the list of plots offered (April 2015) by JDA. In the meantime, the JDA issued (June 2015) allotment-cum-demand notice of ₹ 13.74 crores for three plots of *Anupam Vihar* Scheme in Jaipur at the rate of ₹ 6,800 per square meter (sqm) with the condition to deposit the amount within 30 days from the issue of the notice. The Board deposited (August 2015) the amount of ₹ 13.74 crores with the JDA with a delay of 28 days.

Audit noticed that the Board did not take proactive action for taking possession of the said plots, even though it had deposited entire amount of

27 Every building worker registered as a beneficiary under the BOCW Act, shall be entitled to the benefits provided by the Board from its Fund under this Act.

demand by JDA. Board's last correspondence with the JDA was in February 2018 and after the matter was pointed out by Audit in November 2020, it raised the issue with the JDA in December 2020, i.e. after a lapse of 33 months.

Thus, the Board failed to coordinate with the JDA and UDD to take possession of the allotted land which resulted in the blockage of ₹ 13.74 crores for more than six years and deprived the beneficiaries of the group housing scheme.

On being pointed out, the GoR, accepting the facts, stated (October 2021) that pursuant to the decision of Hon'ble Supreme Court and the Central Government directions (February 2014), the Board decided to provide houses to construction workers. Accordingly the Board sent a plan to the State Government and after their approval, three plots were allotted by JDA. It also stated that Secretary, Labour Department has written (September 2021) to Principal Secretary, UDD either to hand over possession of allotted land at the rate of ₹ 6800 per sqm or to cancel the allotment of land with the return of the entire amount of ₹ 13.74 crores along with 18 *per cent* interest.

The reply needs to be viewed in light of the fact that Board was not vigilant/prompt to take possession of the land even after depositing the entire amount with JDA, the Board took up the matter with JDA only after being pointed out by the Audit. The Board's laxity resulted in blockage of ₹ 13.74 crores for more than six years and deprived the Building construction workers of the benefits of the group housing scheme.

7.8 Loss of refund of tax deduction at source

Failure to obtain exemption certificate u/s 10 (46) of IT Act, 1961 resulted in loss of refund of TDS deducted by banks on interest income earned on fixed deposits.

Under Section 10 (46) of Income Tax Act (IT Act), 1961, any specified income arising to a Board, constituted by or under a Central or State Act or by Central or a State Government, with the objective of regulating or administering any activity for the benefit of the general public and which is not engaged in any commercial activity, has been exempted from levy of income tax by the Central Government. The entity eligible to claim exemption u/s 10 (46) of IT Act is required to be notified by the Central Government in the official gazette. In this regard, the Ministry of Finance (MoF) prescribed (June 2013) the standardised process to file an application in prescribed format by the entity to the jurisdictional Commissioner of Income Tax (CIT)/Director of Income Tax to avail the said exemption. The Board was also liable to file income tax return mandatorily in compliance of clause (g) of section 139 (4 C) of the IT Act.

Further, as per section 196 of IT Act, no tax is deductible from any sums (interest/dividend/others) payable to such institution established by or under a Central Act which is exempted from income-tax on its income. Government of Rajasthan (GoR) constituted (July 2009) the Rajasthan Building and Other

Construction Workers' Welfare Board (the Board), Jaipur under Building and Other Construction Workers (Regulation of Employment and Conditions of Service Act, 1996 (Central Act No 27 of 1996). The Board receives amount of cess, levied on building & construction activities being carried out, in 'Welfare fund' constituted in accordance with section 24 of the Act and utilises the same for meeting expenses on objects and purposes authorized by the Act. The surplus fund available with the board is deposited with the nationalized banks in term deposits and interest earned there on is also utilised on welfare activities for construction workers.

Audit scrutiny (December 2020) of records of the Board revealed that the Board did not initiate the due procedure for seeking exemption of its specified income from the income tax by getting notified the specified income (including interest) in the official gazette of Central Government. In the absence of such exemption notification, various nationalised banks deducted tax at source (TDS) amounting to ₹ 23.34 crore²⁸ on the interest paid on investments during the year 2012-13 to 2019-20. The Board also did not file income tax returns for the relevant assessment years. Therefore, the tax deducted as TDS, could not be claimed as refund.

The issue was also pointed out (February 2016 and January 2020) during Financial Audit of Annual Accounts of the Board for the years 2014-15 and 2016-17 (last financial audit conducted so far). The Board, however, did not file the application for exemption in the format prescribed to regional office of IT department. The Board, approached (August 2016) the Ministry of Labour and Employment (MoLE) for seeking clarification from the MoF to obtain the exemption certificate and MoLE also directed (November 2016) the Board to take up the matter with regional office of IT department.

Thus, failure to obtain exemption certificate u/s 10 (46) of IT Act, 1961 despite being pointed out repeatedly by Audit resulted in blockage of ₹ 23.34 crore meant for welfare of the construction labourers. The Board has to suffer not only a loss of ₹ 23.34 crore but also be liable for paying income tax in future on its income which is eligible for exemption, if delay in filling of IT returns is not condoned or exemption of specified income of the Board is not notified with retrospective effect.

The Board stated (August 2021) that:

- On being pointed out by Audit, the matter was taken up (January 2020) with the Commissioner of Income-tax (TDS), Jaipur, but the desired exemption certificate has not been received, so far.
- Further, refund of TDS pertained to the period from 2012-13 to 2019-20, has now been time barred, the application for the same will be submitted after obtaining special permission from the Commissioner of Income-tax.

State Government while accepting the facts stated (October 2021) that the Board, is eligible for exemption from levy of income tax u/s 10 (46) of IT Act,

²⁸ TDS deducted during the financial year 2012-13: ₹ 0.17 crore, 2013-14: ₹ 0.15 crore, 2014-15: ₹ 0.60 crore, 2015-16: ₹ 3.10 crore, 2016-17: ₹ 6.79 crore, 2017-18: ₹ 4.97 crore, 2018-19: ₹ 3.57 crore, 2019-20: ₹ 3.98 crore.

but it became difficult to fulfill the condition of notification in central gazette to obtain such exemption.

It was also stated that generally, the amount generated from the cess is not considered income of the Government department/Board, due to which the annual income tax return is not filed. Secondly, for obtaining the exemption certification, preparation and audit of annual accounts is a prerequisite, which being a time consuming process could not be completed before the scheduled date of filing of tax returns. Hence, in practice, it is a complicated process to obtain an income tax exemption certificate for the Board.

The reply is not acceptable as the Board failed to understand that the exemption from income tax was conditional and the board had to follow the necessary procedure as prescribed by the Income Tax Department for seeking exemption of income tax on the specified income. It is also not correct to say that fulfilling the conditions for exemption from income tax were difficult as many such Boards established in other States, have been availing this benefit.

It is, therefore, recommended that the Board, should immediately take necessary steps:-

- 1. To submit an application in prescribed format to the jurisdictional Commissioner of Income Tax for seeking exemption, if possible with retrospective date, from income tax on its specified income u/s 10(46) of the IT Act, as some Boards (West Bengal, Haryana, Telangana and Chhattisgarh) have already obtained.*
- 2. To submit its all pending income tax returns by seeking condonation for delay in submission of income tax return u/s 119(2) of the IT Act and file return for Financial Year 2020-21 on time.*

Medical and Health Department

7.9 Unfruitful expenditure on construction of eight Trauma Care Centres buildings

Non-commencement of Trauma Care Centres for more than seven years after construction of the buildings not only resulted in unproductive expenditure of ₹ 5.45 crore but also deprived the accident victims from immediate life-saving treatment.

In an accident case, the period of an hour (golden hour) immediately after the traumatic injury is very critical during which prompt medical and surgical treatment can prevent death. Keeping this in view, State Government announced (Budget speech 2010-11) establishment of ten²⁹ Trauma Care Centres (TCCs) to provide immediate life-saving treatment to critically injured

29 Ten Trauma Care Centres: Nathdwara, Ratangarh, Sujangarh, Lakheri, Chomu, Fatehpur, Sikandra, Gogunda, Rawatsar, Bhim.

person within the golden hour. Accordingly, Deputy Secretary, Medical and Health Department, Jaipur issued (June 2010) administrative sanction of ₹ 6.50 crore for construction of TCC buildings (₹ 65 lakh each) and ₹ 86.81 lakh for creation of new posts for these TCCs. In addition, an amount of ₹ 9.70 crore for essential equipment was to be provided from Rajasthan Health System Development (RHSD) Project. Public Works Department (PWD) was the executing agency for construction of TCC buildings.

Audit scrutiny (February-March 2019) of records of Medical Officer (MO), Community Health Centre (CHC), Sikandra and Principal Medical Officer (PMO), Government Hospital, Sujangarh revealed that construction of TCC buildings at Sikandra and Sujangarh commenced in September 2010 and January 2012 respectively and was completed in April 2013 and August 2014 respectively at total cost of ₹ 1.09 crore³⁰. After completion of the work, PWD handed over the buildings to MO, CHC, Sikandra and PMO, Government Hospital, Sujangarh in November 2013 and September 2014 respectively.

Audit observed that these two TCCs could not be commenced for more than seven years despite availability of staff and the buildings. Further, out of the equipment procured (May 2010 to October 2014) for these TCCs, most of the equipment worth ₹ 17.74 lakh were lying unutilised in the store in TCC Sikandara, while equipment worth ₹ 23.22 lakh meant for TCC Sujangarh were being used in sub-district hospital Sujangarh.

A joint physical inspection of the TCCs at Sikandra and Sujangarh conducted (February and March 2021) with Departmental representatives further revealed that in Sikandra construction of two rooms was incomplete while other two rooms were occupied by CHC for operating the CHC office. Similarly, in Sujangarh, TCC building was being utilised as Block Chief Medical Office’s store. Audit also found that due to prolonged non-utilisation and lack of maintenance, the buildings were badly worn out and had developed deep cracks (as shown in photographs below).



PMO Sujangarh observed cracks on walls and damage to the plaster in the newly constructed TCC building in November 2015 i.e. few months after

³⁰ ₹ 49.34 lakh at Sikandra and ₹ 60.15 lakh at Sujangarh.

taking possession but defects were not rectified despite the request (November 2015 and March 2017) of Chief Medical and Health Officer, Ratangarh to PWD to repair. Audit also noticed that in response to a *Vidhan Sabha* question PWD intimated (September 2020) that the building had only been partially damaged due to non utilisation, water leakage and non-maintenance of the building for prolonged period. PWD further added that guarantee period of five years had already elapsed in August 2019, but the building could be used after some repairs.

On being pointed out, MO, Sikandra stated (February 2021) that TCC building could not be utilised as it was three kilometres away from national highway and the approach road was very narrow. Staff and equipment like refrigerator and fowler beds allocated for TCC were being utilised in CHC, Sikandra. While PMO, Sujangarh stated (March 2021) that TCC building could not be utilised due to dilapidated condition of the building. It was also stated that equipment and staff allocated to TCC were being utilised in Government sub-district hospital, Sujangarh.

On being pointed out (June 2021), State Government accepted the facts (August 2021) pertaining to TCCs at Sikandara and Sujangarh and stated that repair work of TCC buildings at Sujangarh and Sikandara and installation of utilised equipment at Sikandara was under process. Government added that the TCCs would be made functional at the earliest.

Similarly, construction of building of TCC, Bhim was completed in June 2013 by PWD at a cost of ₹ 0.47 crore and the building was handed over (December 2013) to PMO, CHC Bhim. Audit noticed that no equipment was provided to TCC, Bhim though a provision of ₹ 0.79 crore was made (June 2010) under RHSD Project for supply of equipment. Additional staff for this TCC was also not provided.

Further, joint physical inspection (September 2021) of the TCC at Bhim with Departmental representatives also revealed that three halls, toilets and ramp were made for the TCC building in the premises of CHC Bhim and the building was not being used for the purpose of trauma centre. Also, no equipment was established in the TCC. Thus, TCC Bhim was not made functional for want of equipment and staff.

Construction of TCC building at Gogunda was found incomplete during physical verification, even after a lapse of seven years and incurring expenditure of ₹ 0.65 crore. It was also noticed in Gogunda that the work could not be completed due to requirement of additional funds for shifting of the 11 KV electric line and for change in foundation design.



On being enquired (September 2021) PMO, CHC Bhim stated that TCC was not functional due to non-availability of staff. MO, CHC Gogunda also stated that the work could not be completed for want of additional funds.

Further, scrutiny of information collected (September 2021) from the department revealed that construction of three TCCs at Ratangarh, Lakheri and Rawatsar was completed during October 2012 to April 2013 at an aggregate cost of ₹ 1.63 crore³¹. Equipment amounting to ₹ 1.00 crore³² were also provided to these trauma centres were found non functional due to want of adequate staff. TCC building at Ratangarh was being utilised as Ophthalmology Department of Government General Hospital, Ratangarh. Construction of TCC at Chomu could not be commenced due to non-availability of land. Equipment amounting to ₹ 20.04 lakh meant for TCC Chomu were being utilised in CHC Chomu. Thus, only two TCCs at Nathdwara and Fatehpur were made functional. The concerned MOs stated that TCC was not functional due to non-availability of staff.

Though, the TCC at Fatehpur was stated to be functional, it was observed that 3,523 cases were referred to other hospitals during 2012-21 due to inadequate staff. MO, CHC Fatehpur while citing inability to run TCC with available staff had requested (July 2021) Director Public Health, for deployment of more staff. Further, the TCC was located one km away from National Highway.

The replies of the respective units and the Department needs to be viewed in light of the fact that in respect of non-functional seven³³ TCCs a total of 9,097 critically injured patients were referred to other hospitals during 2014-21 and 155 death cases were reported by four³⁴ TCCs during the same period.

Treatment was provided with the facilities and staff available at the CHCs, while critically injured patients were referred to other hospitals. The

31 ₹ 1.63 crore: (₹ 76.36 lakh at Ratangarh, ₹ 33.47 lakh at Lakheri and ₹ 53.04 lakh at Rawatsar).

32 ₹ 1.00 crore: (₹ 22.38 lakh at Ratangarh, ₹ 38.15 lakh at Lakheri and ₹ 39.23 lakh at Rawatsar).

33 Ratangarh - 1,593; Sujangarh - 1,350; Lakheri - 1,054; Chomu - 1,495; Gogunda - 726; Rawatsar - 1,932 and Bhim - 947.

34 Ratangarh - 31; Sujangarh - 42; Lakheri - 74; and Rawatsar - 08.

Department did not make concerted efforts to make these Trauma Care Centres operational and was also responsible for non-completion of the building at Gogunda and not providing suitable land at Chomu.

Thus, due to absence of proper monitoring, bad planning in selecting location for TCC and laxity in approach of the department the Trauma Care Centres which were announced in State budget 2010-11 to provide immediate life-saving treatment to critically injured person could not be developed despite availability of building, staff and equipment. This has rendered the expenditure of ₹ 5.45 crore³⁵ largely unfruitful.

The matter was referred (November 2021) to the Government and the Government was reminded in January 2022. Their reply was still awaited (January 2022).

7.10 Irregular expenditure on additional works

Irregular expenditure on the execution of additional works in violation of Rajasthan Public Works Financial and Accounts Rules.

Rajasthan Public Works Financial and Accounts Rules (PWF&ARs) delegate³⁶ the power of sanction, execution and payment of additional quantities of items existing in Schedule 'G' or Bills of Quantities (BOQ) of a particular work to the designated authorities in a Department. Accordingly, Chief Engineer (CE)/Additional Chief Engineer (ACE)/Superintending Engineer (SE)/ Executive Engineer (EE) of the Departments engaged in construction works are authorized to sanction additional quantity upto 5 per cent of the original quantity of each item subject to 5 per cent of the tendered amount of work sanctioned by the authority concerned. In case the above limit is exceeded, the power shall be exercised by the next higher authority upto 25 per cent of the original quantity, and also upto 25 per cent of the tendered amount of work sanctioned. The Administrative Department is authorized to sanction additional quantities upto 50 per cent of original quantity of each item subject to 50 per cent of the tendered amount of work sanctioned. Also, rule 73 of Rajasthan Transparency in Public Procurement (RTPP) Rules, 2013 prescribes that in any case the amount of work including additional quantities shall not exceed 50 per cent of the value of original contract. Rule 86 of RTPP, Rules repealed all the rules, regulations, orders or circulars relating to procurement of goods, services or works which were in force on the date of commencement of these rules i.e. 26.01.2013.

Audit scrutiny (December 2020-February 2021) of records of Executive Engineer (EE), Medical and Health (M&H), Division, Jodhpur revealed that

35 Sujangarh : ₹ 60.15 lakh (building) & ₹ 23.22 lakh (unutilised equipment) + Sikandra : ₹ 49.34 lakh (building) & ₹ 17.74 lakh (unutilised equipment) + Bhim : ₹ 47.16 lakh (building) + Gogunda : ₹ 65 lakh (building) + Ratangarh: ₹ 76.36 lakh (building) & ₹ 22.38 lakh (unutilised equipment) + Lakheri; ₹ 33.47 lakh (building) & ₹ 38.15 lakh (unutilised equipment) + Chomu: ₹ 20.04 lakh (unutilised equipment) + Rawatsar: ₹ 53.04 lakh (building) & ₹ 39.23 lakh (unutilised equipment).

36 vide Appendix XIII (item at serial No. 24).

five work³⁷ orders of total value ₹ 13.00 crore (ranging between ₹ 1.10 crore and ₹ 7.03 crore) were approved (July 2013 to May 2016) under National Rural Health Mission (NRHM) by the CE, M&H Department, Jaipur and the works were allotted to various contractors. The Department continued to execute additional works under these contracts, without inviting fresh tenders. The contractors executed works worth ₹ 18.60 crore against the original contract value of ₹ 13.00 crore.

Audit noticed that the additional quantities (valuing ₹ 5.60 crore in total) exceeded the original contracts by 37 to 52 per cent in these cases. However, approval of the administrative authority of the department was not obtained and approval was accorded only by the CE. Since the CE was not empowered to sanction additional quantities above 25 per cent of the original contract, the payment for additional works valuing ₹ 5.60 crore was irregular, as detailed in Table 7.2 below:

Table 7.2

(₹ in crore)

S. No.	Name of the work approved by Chief Engineer and Executive Engineer (Date of work order)	Amount of work order	Actual Expenditure incurred	Total additional work (per cent)
	A	B	C	D=(C-B)
1.	Construction of 100 bedded MCH Unit at Bangar District hospital Pali (03.07.2013)	7.03	9.68	2.65 (37.70 per cent)
2.	Construction and Up-gradation of CHC Building at Raas, Pali (28.04.2016)	2.47	3.70	1.23 (49.80 per cent)
3.	Construction of PHC Building at Bhumliya Pali (06.05.2016)	1.19	1.81	0.62 (52.10 per cent)
4.	Construction of PHC Building at Jadan Pali (04.05.2016)	1.21	1.75	0.54 (44.63 per cent)
5.	Construction of PHC Building at Chowkadi Kallan Jodhpur (06.05.2016)	1.10	1.66	0.56 (50.90 per cent)
Total		13.00	18.60	5.60

Further, in two cases (S.No. 3 and 5 of the table above) the additional quantities executed were beyond the limit of 50 per cent of the original contracts, for which even administrative authority of the department was not competent as per RTPP Rules, 2013.

On being pointed out (January 2021) the Department stated (January 2021) that an order (December 2010) by the Government, empowered CE to sanction extra and excess items for NRHM works subject to condition that overall completion cost of work did not exceed the Administrative and Financial (A&F) sanction including management cost. Further, during execution, if work exceeded the A&F sanction, 10 per cent excess may be sanctioned by

37 Five works: Construction of 100 bedded MCH Unit at Bangar District Hospital, Pali; Construction and Upgradation of CHC Building at Raas, Pali; Construction of PHC Building at Bhumliya, Pali; Construction of PHC Building at Jadan, Pali and Construction of PHC Building at Chowkadi Kallan, Jodhpur.

CE and if it was more than 10 *per cent*, it should be sanctioned by MD-NRHM within the sanctioned PIP ceiling.

Reply of the department is not tenable as para 6.6.3 of operational guidelines for financial management, NHM stipulates that all procurement of goods/articles should be made as per State Government Procurement Rules. Further, RTPP Rules, 2013, promulgated to ensure and promote transparency in the public procurements, overrides all the existing circulars and provisions related to public procurement. Thus, the approvals accorded by CE over and above his sanctioning powers on the behest of an executive circular issued in 2010, which was itself rendered void *ab initio* as soon as the provisions of RTPP Rules came into force, were unauthorized. Thus, responsibility for the irregular approval of additional works beyond sanctioning powers needs to be fixed. Moreover, the Government should withdraw the said order issued in December 2010 immediately.

The matter was referred (June 2021) to the Government and the Government was reminded in January 2022. Their reply was still awaited (January 2022).

Medical Education Department

7.11 Non obtaining of recognition from Rehabilitation Council of India for Paramedical Courses

The Department initiated paramedical courses without obtaining recognition from Rehabilitation Council of India (RCI) which led to discontinuance of courses, adversely impacting the career prospects of enrolled students and resulting in infructuous expenditure of ₹ 1.40 crore incurred on infrastructure and equipment as well as blockage of unutilized funds amounting to ₹ 1.15 crore even after lapse of five years.

To regulate and monitor the training of rehabilitation professionals and personnel and promote research in disability rehabilitation and special education, Government of India (GoI) constituted (September 1992) Rehabilitation Council of India (RCI) vide RCI, Act 1992³⁸. As per the mandate of RCI, **no institution could offer any course in Disability Rehabilitation and Special Education without prior approval of the Council.** The Act also prescribes that every professional and personnel is mandatorily required to obtain a Registration Certificate from RCI to work in the field of Disability Rehabilitation and Special Education in India, after attaining the prescribed qualifications from a RCI approved institution.

With a view to increase the **overall availability of paramedical personnel** and to upgrade their skills, Ministry of Health and Family Welfare (MoH&FW), Government of India (GoI), formulated (September 2010) a

38 The main functions of the said Council are to make recommendations to the Central Government in the matter of recognition of qualifications for rehabilitation stipend, to determine the courses of study and examinations required to obtain such qualifications, to inspect examinations and to conduct the examination of professionals and personnel who have got the steadfastness of rehabilitation stipends Register in the Central Rehabilitation.

Centrally Sponsored Scheme namely, Establishment of the National Institute of Paramedical Sciences (NIPS) and Regional Institute of Paramedical Sciences (RIPS) across the country. Under the Scheme, the State government's medical colleges were to be supported through one time grant to start/increase intake of students in various paramedical streams. Central government and the State Government were to bear the grant in the ratio of 85:15, which was revised to 60:40 from the financial year 2015-16. The grant was to be used for manpower, infrastructure development, building, laboratory, equipment, faculty, library etc.

Scrutiny (November 2020 to April 2021) of records of Principal & Controller (P&C), Sawai Man Singh (SMS) Medical College, Jaipur revealed that a committee constituted by MoH&FW after visiting the SMS hospital Jaipur, recommended (September 2011) setting up six new courses³⁹ (total intake 41) and upgradation of 5 seats each in three existing courses at total cost⁴⁰ of ₹ 12.16 crores, under the scheme. This included a provision of ₹ 1.70 crore for infrastructure (₹ 0.70 crore) and equipment (₹ 1.00 crore) required for the Bachelor of Audiology and Speech Language Pathology (BASLP) and Bachelor of Prosthetic and Orthotic (BPO) courses also.

In this regard, a Memorandum of Understanding (MoU) was signed (May 2012) between MoH&FW, GoI and Government of Rajasthan (GoR) for increasing/starting paramedical seats/courses through one time grant. Accordingly, MoH&FW released (July 2012) an amount of ₹ 5.17 crore to P&C, SMS Medical College, Jaipur as first instalment (50 *per cent* of the central share: ₹ 10.34 crore) with the condition of returning the unutilized funds along with interest, in case of non-creation of stipulated number of paramedical seats. Against second instalment (central share) of ₹ 2.13 crore, an amount of ₹ 1.30 crore was released in January 2017, after adjusting the interest amount of ₹ 0.83 crore earned by the SMS Medical College, Jaipur on first instalment. State government released (December 2014) an amount of ₹ 1.28 crore as first instalment of its share.

Audit observed that from 2013-14, SMS Medical College, Jaipur started two courses (total intake capacity of 15) in the area of “**Disability Rehabilitation and Special Education**” namely Bachelor of Audiology and Speech Language Pathology (BASLP) and Bachelor of Prosthetic and Orthotic (BPO), under the NIPS and RIPS scheme, without prior permission/recognition of the RCI. Administrative approval for opening these courses was obtained only from the Department of Medical Education, GoR.

After completion of one academic year, P&C, SMS Medical College, Jaipur requested (August 2014) RCI for recognition of these courses. RCI inspected (November 2014) the institution and refused (February 2015) the recognition due to lack of classrooms with adequate furniture, experienced faculty and

39 PG (M.Sc.) in Radiotherapy Technology (3 Seats), B.Sc. (Ophthalmic Techniques) (10 Seats), Bachelor of Audiology and Speech Language Pathology (5 Seats), B.Sc. in Medical Lab Technology (10 Seats), Diploma in perfusion Technology (3 Seats) and Bachelor of Prosthetic and Orthotic (10 Seats).

40 ₹ 6.18 crore for infrastructure, ₹ 5.43 crore for equipment and ₹ 0.55 crore for faculty.

supportive staff, space for special laboratory, adequate number of textbooks and journals. Also, community promotional activities and research & development were not found as per the required standards. This led to discontinuation of the BPO course from academic session 2015-16 onwards. Considering the inspection report of RCI, SMS Medical College, Jaipur even did not apply to RCI for recognition of BASLP course and discontinued the course from 2015-16. The deficiencies pointed out by RCI could not be rectified till date by SMS Medical College, Jaipur and both the courses were permanently discontinued.

Thus, sixteen students⁴¹ admitted to BASLP and BPO courses during the academic year 2013-14 and 2014-15 could not complete their courses. The career prospects of these students would also suffer adversely as they wouldn't be able to get registered with RCI and resultantly would not be able to work in field of Disability Rehabilitation and Special Education in India.

Audit observed that construction of the building was completed in September 2019 with the allocated funds of ₹ 6.18 crore and the same was not ready at the time of RCI visit. Since the BPO and BASLP courses could not be recognized, the funds of ₹ 1.40 crore incurred for infrastructure (₹ 0.70 crore) and equipment (₹ 0.70 crore) for these courses rendered unfruitful.

Audit also observed that an amount of ₹ 1.15 crore out of earmarked amount of ₹ 3.26 crore⁴² for equipment (meant for all nine courses), was lying unutilised with the SMS Medical College, Jaipur as of April 2021. The unutilised amount needs to be returned to GoI.

The Nodal Officer, Paramedical Institute, SMS Medical College, Jaipur while accepting the facts stated (March 2021) that the BPO and BASLP courses were not recognised due to non-availability of technical staff. Further, the equipment procured for BASLP course are being utilised by the concerned department of the SMS Medical College. It was also stated that utilisation certificate (UC) had already been sent to GoI and returning of the unutilised funds, was under process.

The Government while accepting the facts stated (October 2021) that SMS Medical College had created facilities as per funds received from GoI under the CSS and was still trying to get these courses recognized from RCI. GoR however, did not provide the status of returning of unspent grant, though called for (November 2021).

The reply is not acceptable as the decision of starting courses without obtaining recognition was against the statutory provisions of the RCI Act.

Further, the subsequent discontinuance of these courses has jeopardized the career prospects of the students enrolled. Further, the courses were started despite non completion of building of Paramedical Institute and installation of equipment as UCs submitted to GoI in May 2015 revealed that construction of

41 4 students were admitted in BPO course and 4 students in BASLP course for the year 2013-14 and 5 students were admitted in BPO course and 3 students in BASLP course for the year 2014-15.

42 Centre's share of equipment = ₹ 3.26 crore (₹ 5.43 crore*60/100).

Paramedical Institute and procurement of the equipment was completed up to 65 per cent and 40 per cent only respectively.

Thus, objective of the scheme to augmenting supply of skilled manpower could not be achieved in the area of disability rehabilitation due to commencement of courses without RCI recognition, rather, employment prospects of students who had enrolled were negatively impacted. This also led to infructuous expenditure of ₹1.40 crore incurred on infrastructure and equipment meant for BPO and BASLP courses and blockage of unutilized funds amounting to ₹ 1.15 crore for more than five years.

Minority Affairs Department and WAQF Board

7.12 Unfruitful expenditure on incomplete girls' hostel

Non-adherence to terms and conditions of sanction and inordinate delay in construction of Girls' Hostel resulted in unfruitful expenditure of ₹ 2.10 crore and deprived of intended facilities to beneficiaries.

The Ministry of Minority Affairs (MMA), Government of India (GoI) provided additional resources to the States, for creation of socio-economic infrastructure and providing basic amenities to address the development deficit of minority concentration areas, under centrally sponsored scheme Multi-sectoral Development Programme (MsDP) during 12th five year plan. The guidelines of MsDP envisages that funds would be released in two instalments of 50 per cent each and the second instalment was to be released after submission of utilization certificate⁴³ (UC) of first instalment along with Quarterly Progress Reports. Department of Minority Affairs (DMA), GoR was responsible to send the QPR to the Ministry of Minority Affairs, GoI along with utilisation certificates and photographs.

Department of Minority Affairs (DMA), Government of Rajasthan (GoR) submitted (March 2015) a proposal under MsDP for construction of 56 bedded Girls' hostel costing⁴⁴ ₹ 4.00 crore at Unani Medical College, Tonk, a college affiliated to Rajasthan Ayurvedic University (RAU). The proposal was based on detailed estimates prepared (March 2015) by Rajasthan State Road Development and Construction Corporation Limited (RSRDCC), the implementing agency. The Empowered Committee of MsDP considered and approved the proposal (August 2015) but reduced the project cost to ₹ 3.38 crore by excluding some components⁴⁵ (₹ 0.62 crore). Accordingly, GoI released (August 2015) first instalment of ₹ 1.69 crore with the instruction to transfer the funds immediately to the implementing agency.

43 UC furnished within a period of one year – 60 per cent UC would be required, UC furnished beyond the period of a year –100 per cent utilization would be required.

44 Civil work : ₹ 2.60 crore, Electrical works : ₹ 32.50 lakh, Sanitary works: ₹ 36.40 lakh, Water harvesting: ₹10 lakh, Expected TP: ₹ 16.94 lakh, Agency charges: ₹ 27.93 lakh, Escalation: ₹ 7.65 lakh and Quality Control and contingency: ₹ 8.90 lakh.

45 water harvesting: ₹10 lakh , escalation: ₹ 7.65 lakh, TP: ₹ 16.94 lakh and agency charges: ₹ 27.93 lakh.

Audit scrutiny (November 2019) of records of the Rajasthan Ayurvedic University, Jodhpur (RAU) revealed that on receipt of central assistance, the Director, DMA issued (October 2015) financial sanction of ₹ 3.38 crore for construction of the hostel through RSDCC, but the funds were not transferred to RSDCC. Later, in a meeting it was decided (May 2016) to transfer the funds to RAU, Jodhpur instead of RSRDCC. Accordingly, the Financial sanction was revised by the Director, DMA (May 2016) to transfer an amount of ₹ 1.69 crore to the PD Account of RAU, Jodhpur for construction of the hostel through RSRDCC. RAU, Jodhpur signed (March 2016) a Memorandum of Understanding (MoU) proposed (November 2015) by the implementing agency. RAU, Jodhpur released the amount of ₹ 1.69 crore to RSRDCC in two instalments (October 2016: ₹ 1.00 crore and December 2019: ₹ 0.69 crore). Thus, there was a delay of more than 12 months in transferring the funds to the implementing agency.

Further, as per the conditions of the MoU, the work was to commence after the approval of drawing/designs prepared by the Architect appointed by the RAU and to be completed within twelve months of such approval. Audit observed that the approval of drawing/designs submitted by architect (January 2016) was provided only in October 2016 to the implementing agency, which also delayed the commencement of work.

Audit also noticed that RSRDCC awarded (March 2017) the civil work to a contractor-A for ₹ 1.75 crore (at G-schedule amount: ₹ 2.01 crore minus 13.3 *per cent* tender premium) with stipulated date of completion as January 2018. Contractor-A, however, executed the work valuing ₹ 0.45 crore only and abandoned the work (September 2017). There was a dispute between contractor and RSRDCC regarding applicability/payment of GST on the work. The contractor could not provide the GST bills as required by RSRDCC, therefore, payment was not made to the contractor. RSRDCC rescinded the work in April 2018.

RSRDCC awarded (September 2018) the remaining work to contractor-B after inviting tenders (June 2018) for ₹ 1.58 crore (at G-schedule amount: ₹ 1.56 crore plus 1.39 *per cent* tender premium) with stipulated date of completion as March 2019. Contractor-B executed work valuing ₹ 0.53 crore only, thereafter the contractor stopped the work and did not resume it despite repeated reminders (October 2018 to January 2020) by RSRDCC, which finally rescinded the work in February 2020.

RSRDCC awarded the remaining work (September 2020) to third contractor-C after inviting fresh tenders (August 2020) for ₹ 0.97 crore (at G-schedule amount: ₹ 1.02 crore minus 5.1 *per cent* tender premium) with stipulated date of completion as March 2021. RSRDCC submitted (November 2020) utilization certificate for ₹ 2.10 crore to GoR. The second instalment of central assistance of ₹ 1.69 crore from GoI was still awaited (July 2021).

Audit observed that RSRDCC took 12 months (September 2017 to September 2018) to take decision on rescinding the work of contractor-A and to award the remaining work to contractor-B. Similarly, abandoned works of contractor-B was awarded to contractor-C after 21 months (October 2018 to

September 2020). Thus, RSDCC could complete only 62 *per cent* of the work, even after lapse of more than five years.

Joint physical verification of Girls' Hostel building, Tonk (March 2021) along with department representatives also confirmed the fact that the construction was incomplete as shown below:



GoR stated (August 2021) that the delay was due to abandonment of work by contractors, serving of notices to contractors, inviting fresh tenders, issuing work orders to different firms and lockdown due to Covid-19. It also stated that the work would be completed by October 2021.

The reply is not tenable as there were inordinate delays at every stage viz. transferring of funds by Director, DMA to the implementing agency (13 months) despite condition in sanction under MsDP to release immediately, in signing MoU (4 months) and providing approved drawing & design to implementing agency by RAU, Jodhpur (9 months) and poor monitoring and execution by the implementing agency.

Thus, due to delay at the GoR level in initiating the process for construction work, poor monitoring and execution on part of the implementing agency and lack of coordination between DMA, RAU, Jodhpur, Architect and RSRDCC the hostel building is still incomplete even after lapse of more than five years which rendered the expenditure of ₹ 2.10 crore incurred on the building unfruitful. The objective of providing safe and convenient accommodation for girl students was also not achieved.

7.13 Non-recovery of loans from the Self Help Groups

The Department failed to adhere to the Micro Finance Scheme Guidelines while disbursing loan to Self Help Groups which resulted in non-recovery of loans and penalty of ₹ 3.28 crore and defeated the very purpose of microfinancing.

National Minorities Development and Finance Corporation (NMDFC) provides loans and advances through State Channelizing Agencies (SCAs) to individuals belonging to minority communities for economically and financially viable schemes and projects to promote self-employment and other ventures for the

benefit of Minority communities. One of the schemes is micro-finance scheme under which, loan is provided to members of weaker sections amongst the minorities organized into Self Help Groups (SHGs) for starting or augmenting income generating activities. Such activities can be undertaken individually or in a group i.e. SHG.

Since April 2013, loan up to ₹ 50,000 at a rate of interest of six *per cent* per annum is provided to a member of the SHG, prior to this loan amount was up to ₹ 25,000 and rate of interest was five *per cent* per annum. The repayment period, after a moratorium period of three months, was three years for the beneficiaries/SHGs. For eligibility of micro credit, household's annual income was to be within the limit of ₹ 81,000 and ₹ 1,03,000 in rural and urban areas respectively. The emphasis, under this scheme is given to providing smaller loans repeatedly, so that the beneficiary can avail the same and rise above the poverty line.

Rajasthan Minority Finance & Development Cooperative Corporation Limited (RMFDCC), the State Channelizing Agency in Rajasthan, on directions of GoR, issued (January 2011) new guidelines and procedure for sanctioning loans to beneficiaries. As per these guidelines, a beneficiary was required to submit post-dated cheques (twenty cheques or instalment-wise) of sanctioned amount; self-guarantee; affidavit for no dues; domicile certificate; minority certificate and income certificate along with loan application for loan upto ₹ 0.50 lakh. In addition to these documents, a guarantee letter of a government employee or income tax payer with PAN-card or a representative of Panchayati Raj/Urban Corporation for loans from ₹ 0.50 lakh to ₹ one lakh and a Hypothecation Deed and mortgage documents of immovable property in case of a loan of ₹ one lakh to ₹ five lakh was also required to be submitted.

The Project Officer (PO) and the District Minority Welfare Officer (DMWO) in each district was responsible for examining the applications, carrying out physical verification, site verification and field visits in connection with loan process. Administrative and Financial sanction of loan amount would be issued after examination of the applications by the designated authorities⁴⁶. The DMWO and PO, were also responsible for loan disbursement and keeping record of all relevant documents and to review the repayment of loans on weekly basis. They were required to present the cheques in banks and to take legal action under Negotiable Instruments Act in cases of default.

Scrutiny (September 2020) of records of office of DMWO, Jaipur revealed that during 2012-15, RMFDCC disbursed loans of ₹ 1.27 crore to 42 SHGs comprising 487 minority beneficiaries against which only ₹ 0.17 crore (13.18 *per cent*) was recovered from 28 SHGs as of March 2020, while, remaining 14 SHGs did not repay even a single instalment against the loan amount of ₹ 0.51 crore disbursed to them. As of March 2020, an amount of ₹ 3.28 crore including principal (₹ 1.10 crore), interest (₹ 0.42 crore) and penalty (₹ 1.76 crore) was outstanding against the SHGs, which department failed to recover (detailed in *Appendix 7.5*).

46 Project Officer (PO), District Minority Welfare Officer (DMWO) and District Collector for loan upto ₹ 1.00 lakh; PO, DMWO and General Manager (GM) for loan upto ₹ 2.50 lakh; PO, DMWO, GM and Managing Director (MD) for loan upto ₹ 3.50 lakh and PO, DMWO, GM, MD and Board of Directors/Administrator for loan upto ₹ 5.00 lakh.

Audit noticed that the department did not collect the prescribed documents such as affidavit for no dues, hypothecation deed, guarantee letter of a government employee or income tax payer with PAN-card and mortgage document of immovable property etc. in all the cases and thereby did not verify the completeness and genuineness of applications. In 19 cases, advance cheques were also not obtained from the applicants. Further, physical verification, site verification and field visits as envisaged in the guidelines, were not conducted by the department. The departmental officials recommended applications for grant of loans despite incomplete documentation which was in clear contravention of the laid down policy for disbursement of loans.

Further, the department had advance cheques of only 17 SHGs (for outstanding amount plus interest upto May 2019), which were shown (June 2019) as presented to the bank. However, cheques of two⁴⁷ of these SHGs were found attached in the files of concerned SHGs. Thus, these cheques had not been presented to the banks at all. Moreover, all the presented cheques were subsequently dishonoured. The records also revealed that regular instalments in respect of these 17 SHGs were deposited only during the period ranging from November 2014 to November 2016 (detailed in *Appendix 7.6*). Guarantee letters for recovery of loans, from the sponsoring NGOs, though collected were never invoked for recovery of the loans. Thus, the department failed to monitor regular receipt of the deposits and presented the advance cheques after a delay of at least two and a half years and upto four years and eight months.

GoR while accepting the facts stated (August 2021) that the legal proceedings for recovery under section 138 of Negotiable Instrument Act were initiated in 17 cases, after dishonouring of advance cheques in June 2019 and efforts were being made for recovery. It was also stated that there were SHGs which had not enclosed cheques with loan applications, and which were not found at the addresses provided in application when contacted by the DMWOs. Whereabouts of these SHGs were also not known to their neighbours. It was also stated that letters were also issued to the then DMWO and PO for explanation on observation pointed out by Audit.

The reply itself indicates that due diligence was not followed by the DMWOs and POs while sanctioning the loan under microfinance scheme. They also failed to review recoveries on timely basis and to take prompt legal action in cases of default. In order to avoid repetition of such egregious irregularities in future, the department may consider initiating proceedings against the officials concerned to fix the responsibility for non-performance of their prescribed duties.

Thus, failure to obtain necessary documents before giving Letters of Credit to SHGs and to monitor the repayment of loans by SHGs coupled with lack of prompt action after dishonour of cheques submitted by multiple SHGs proves the laxity of department in sanction and repayment of loans. This not only resulted in non-recovery of loans and penalty of ₹ 3.28 crore but also defeated the very purpose of the scheme, i.e. rising of beneficiary above the poverty line by availing of smaller loans repeatedly.

47 SHG Gajala (loan sanctioned in June 2015) and SHG Bilkis (loan sanctioned in July 2015).

Department of Personnel

7.14 Blockage of funds for more than three years

Slackness in providing encroachment free land and transfer of advances to the executive agency in contravention of Rule 8 of GF&AR not only resulted in blockage of ₹ 7.50 crore for more than three years but the very purpose of the budget announcement was also not achieved.

Rule 351 of Public Works Financial and Accounts Rules (PWF&AR) prescribes that no work should be commenced on land which has not been duly made over by the responsible civil officers. Further, Rule 8 of General Financial and Account Rules (GF&AR) provides that funds shall be withdrawn from Government Account if required for immediate payment.

The Rajasthan Staff Selection Board⁴⁸ (RSSB), Jaipur was established under Department of Personnel (DoP) Government of Rajasthan (GoR), in January 2014 for recommending candidates for direct recruitment in respect of posts carrying grade pay equal to and less than ₹ 3,600. Since November 2014, the Board was operating in a rented building owned by State Institute of Agriculture Management (SIAM⁴⁹), Jaipur.

Plans to construct a new office building for RSSB was announced in the state budget for the year 2016-17. The work was assigned to Rajasthan State Road Development & Construction Corporation Ltd. (RSRDCC). RSRDCC in consultation with RSSB, prepared (December 2016) an estimate of ₹ 24.66 crore for construction covering plinth area of 7,600 square meters (sqm). However, the Chief Minister, during a presentation made by DoP (June 2017) directed the cost of the project to be reduced and completed at the earliest. RSRDCC accordingly, revised (August 2017) the estimate to ₹ 15.94 crore by reducing plinth area to 4,223 sqm for the proposed office building. Administrative and technical sanction (A&TS) of ₹ 15 crore for the work was issued (August 2017) by DoP and funds of ₹ 7.50 crore were transferred to RSRDCC in two installments of ₹ one crore (March 2017) and ₹ 6.50 crore (October 2017).

Jaipur Development Authority (JDA) allotted (February 2017), a piece of land measuring 2,684.19 sqm free of cost in Jhalana Institutional Area, Jaipur for the proposed building. Since the said land was required for another commercial project, JDA informed (November- December 2017) RSSB that an alternate site for proposed office building would be allotted. However, the decision of cancellation of allotment of the said land was taken in August 2019 and allotment of 2,684 sqm land at other site was done in January 2020, by JDA.

48 Formerly known as Rajasthan Subordinate & Ministerial Services Selection Board (RSMSSB).

49 An autonomous body set up by GoR for specialized training programme in the field of Agriculture and its allied sector under Agriculture department.

Audit scrutiny (July 2020) of records and information provided by RSSB (November 2020) revealed that RSSB took possession of the new site in November 2020. Further, RSRDCC submitted (January 2020) a revised estimate of ₹ 21.73 crore (for plinth area 5511 sqm) of the work, which was pending with DoP for approval as of July 2021 despite repeated request of RSSB (February 2020, July 2020, December 2020, January 2021 and June 2021).

Audit observed that though RSSB agreed with JDA in November 2017 for the alternate site, the Board could not get an allotment of the site till January 2020. RSSB also did not ascertain its requirement precisely as plinth area for construction increased to 5,511 sqm along with other works, in January 2020 from 4,223 sqm as sanctioned in August 2017. This increased the cost of project to ₹ 21.73 crore (36.72 per cent) from sanctioned project cost of ₹ 15.94 crore and is likely to further escalate by seven per cent every year, as per revised forecast estimates (December 2019). Further, tender process for new site has not been initiated (July 2021) as Administrative, Financial and Technical sanction of the revised estimate is pending for approval of DoP for 18 months. Reasons for non-approval of the revised sanction sought from the Department of Personnel are awaited (October 2021). Audit also observed that ₹ one crore was transferred to RSRDCC even before approval of A&TS of the work (March 2017).

Thus, due to slackness in initiation by RSSB and lack of coordination between various government agencies (RSSB, DoP and JDA), construction of RSSB office building, could not be commenced even after five years of budget announcement despite availability of funds of ₹ 7.50 crore lying with RSRDCC since March 2017 (₹ one crore) and October 2017 (₹ 6.50 crore). RSSB with a sizeable staff, had to continue its operations from the rented building (rent: ₹ 14.20 lakh per month) and had to suffer shortage of space. SIAM raised (January 2020) a demand of ₹ 8.66 crore to RSSB for outstanding rent for the period November 2014 to November 2019. However, no rent was paid by RSSB as it disputed the matter of determination of monthly rent by SIAM.

A rent liability of ₹ 3.83 crore⁵⁰ (May 2019 to July 2021) could have been avoided if the department had ensured early allotment of a site free from all encumbrances and completed the construction of building in 15 to 18 months (allowable time period for ₹ 15 crore work as per PWD manual) in a time bound manner.

State Government endorsed (September 2021) the reply submitted by RSSB in which it was stated that advances of ₹ 7.50 crore were transferred in interest free PD account of RSRDCC which is a undertaking of State Government and

50 Public Works Department stipulates maximum period of 18 months for completion of a building having costing more than ₹ 10 crore. In this case, DoP has Approved Administrative, Technical and Financial Sanction of work in October 2017 and construction of the building could have been completed by April 2019 after allowing 18 months' time from November 2017. Total amount of rent due for 27 month (from May 2019 to July 2021) at the rate of monthly rent ₹14,20,000 works out to be ₹ 3.83 crore (₹14,20,000 x 27).

the amount could not be recovered because construction of the office building is still under process. The reply is not tenable as the advance was given in contravention of provision of GF&AR.

Thus, non-construction of building has resulted in blockage of funds of ₹ 7.50 crore for more than three years and eight months. Also, the very purpose of budget announcement was not fulfilled and liability of ₹ 3.83 crore has been created on account of rent to be paid by RSSB from May 2019 to July 2021.

JAIPUR,
The 22 March, 2022

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

Countersigned

NEW DELHI,
The 23 March, 2022


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

