

CHAPTER III

PERFORMANCE APPRAISALS

AUDIT REVIEWS

Town and Country Planning Department (Haryana Urban Development Authority)

3.1 Development of Urban Estates at Faridabad and Gurgaon

Highlights

- Acquisition and development of land of reserve forest area in Faridabad for development of urban estate led to blocking of funds of Rs 62.37 crore upto March 2005. Similarly, expenditure of Rs 47.37 lakh, incurred on construction of road on Reserve Forest land in Gurgaon, had also remained blocked as of March 2005.

(Paragraphs 3.1.13 and 3.1.14)

- Land acquired at a cost of Rs 6.30 crore during 1998-2001 was awaiting development due to slackness in planning.

(Paragraph 3.1.15)

- HUDA had to bear extra expenditure of Rs 11 crore due to delay in making payment of enhanced compensation to land owners/delay in sending of land owners objections to Courts and not depositing of amount of enhanced compensations in Court.

(Paragraphs 3.1.10, 3.1.17 and 3.1.18)

- HUDA had to incur expenditure of Rs 72.47 crore on their maintenance since 14 developed sectors in Faridabad and 22 developed sectors in Gurgaon had not been transferred to Municipal Corporation, Faridabad and Municipal Council, Gurgaon respectively.

(Paragraph 3.1.27)

- Estate Office, HUDA, Faridabad and Gurgaon had to make avoidable payment of interest of Rs 2.20 crore to 136 allottees due to delay in handing over possession of plots to them.

(Paragraph 3.1.28)

- **Sewage Treatment Plant for Trunk Sewer-IV, Gurgaon though planned was not installed and sewage was being disposed of in the open leading to pollution and unhygienic conditions.**

(Paragraph 3.1.16)

- **In Gurgaon and Faridabad Divisions, Rs 1.20 crore were lying outstanding for the last 1 to 11 years in miscellaneous Public Works advances as of March 2005.**

(Paragraph 3.1.8)

Introduction

3.1.1 The Haryana State Legislature enacted the Haryana Urban Development Authority Act, 1977 and constituted the Haryana Urban Development Authority (HUDA) in April 1977 to plan the development of urban areas and to provide modern living environment to the population. HUDA has the powers to hold and dispose of property and to carry out its operations by itself or through any agency. However, land is acquired through the State Government under the Land Acquisition Act, 1894. The development of the estates at Faridabad and Gurgaon were taken up for test-check because out of total expenditure of Rs 4,665.16 crore of HUDA during 2000-05, expenditure of Rs 1,592.19 crore (34 *per cent*) was incurred on these estates. Both these estates fall within the National Capital Region (NCR).

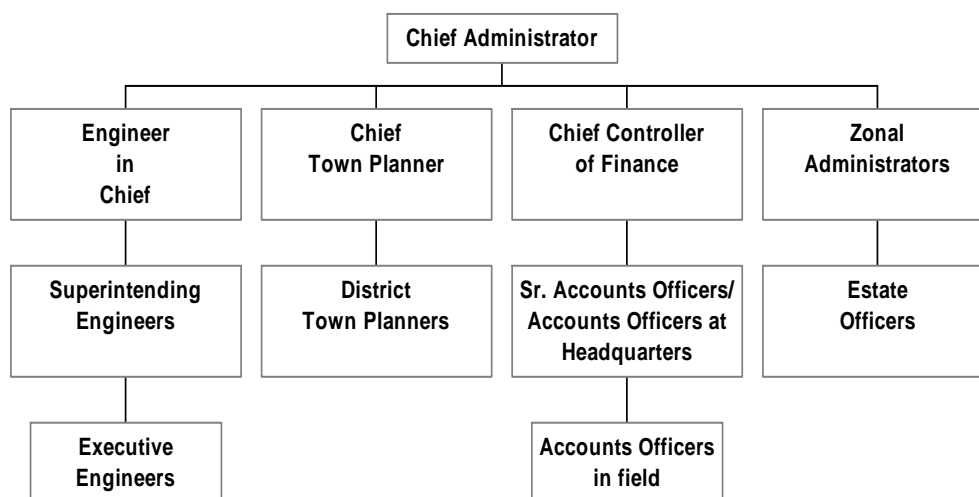
Objectives of HUDA

3.1.2 The main objective of development of urban estates was to stop or reduce the concentration of growing population in the already overpopulated cities and to provide a modern living environment. HUDA, after preparing a master plan for each urban estate, takes action for possession of land from private land owners through Government on payment of compensation and undertakes its development in accordance with the master plan for residential and commercial purposes by providing infrastructural facilities like roads, water supply, sewerage, storm water drainage, fire services, street lighting, electrification, parks. The master plan of Faridabad was approved in November 1994 for proposed land use upto 2011 while for Gurgaon it was approved in June 1995 for land use upto 2001. Besides selling residential plots to public for construction by individuals, HUDA also constructs commercial buildings (booths/showrooms, etc.) and provides developed land to Haryana Housing Board for setting up residential colonies by providing built up accommodation.

Organisational set up

3.1.3 The Chief Administrator (CA), HUDA is in overall incharge for development of urban estates. He is assisted by Engineer-in-Chief (EIC), Chief Town Planner (CTP), four Zonal Administrators (ZA) and the Chief Controller of Finance (CCF). HUDA field offices connected with the development of urban estates are Construction Divisions (17), Horticulture Divisions (3), Electrical Divisions (3), Project Divisions (2) and Estate Offices (16). Besides, four Land Acquisition Collectors (LAC) had been posted by the Urban Estate Department exclusively for acquisition of land for HUDA.

The organisational set up is depicted given below:



Audit objectives

3.1.4 The main objectives of Audit were to check:

- the existence of a sound financial system;
- the efficacy of planning for carrying out various developmental activities;
- if the acquisition of land was done in an economic and effective manner;
- if the developmental and maintenance activities were carried out in an economic, effective and efficient manner as per the laid down codal provisions and the HUDA Act; and
- if the policy for allotment of plots and buildings was strictly adhered to and rules and regulations in this regard were followed and dues were recovered correctly and in time.

Audit methodology

3.1.5 During the audit, the records relating to financial management, survey and planning, acquisition of land, execution of works, allotment of plots to public and recoveries of dues from allottees and maintenance of urban estates were scrutinised for the period 2000-05 on a test-check basis. The audit was conducted during March-June 2005 in the offices of Chief Administrator, Chief Controller of Finance, Estate Officers, Faridabad and Gurgaon, Land Acquisition Collector, Faridabad and four¹ Works Divisions each at Faridabad and Gurgaon.

Financial management

HUDA generates its income mainly from the sale of plots, auction of commercial sites and buildings, rent, fees and fines on unauthorised construction/unauthorised occupants, interest on bank deposits, loans from State Government and the NCR Planning Board. All the receipts of Estates Offices are deposited with CA, HUDA, who releases funds to the field offices. A review of financial management brought out the following points.

Financial outlay and expenditure

3.1.6 Year-wise budget provisions and expenditure thereagainst for the development of these two estates during 2000-05 were as under:

Year	Budget provision	Expenditure	(+) Excess (-) Savings
	(Rupees in crore)		
2000-01	238.91	250.07	11.16
2001-02	267.88	283.16	15.28
2002-03	443.93	454.11	10.18
2003-04	332.38	357.48	25.10
2004-05	251.03	247.37	(-) 3.66
Total	1,534.13	1,592.19	58.06

As evident from the above table, Rs 1,592.19 crore were spent against the budget provisions of Rs 1,534.13 crore.

Out of the total expenditure, Rs 849.35 crore were spent on acquisition of land; Rs 299.12 crore on water supply, sewerage, storm water drainage, etc.; Rs 122.33 crore on annual maintenance; Rs 110.98 crore on construction of buildings; Rs 55.36 crore on roads; Rs 82.15 crore on special repairs and on miscellaneous works; and Rs 72.90 crore on pay and allowances and office contingencies.

¹ HUDA Division I and II, Faridabad; Project Division I and II, Faridabad; HUDA Division I, II and III, Gurgaon; and Modern Jail Complex Division, Gurgaon.

Expenditure incurred in excess of budget provisions

Against the budget provision of Rs 1.88 crore, Rs 2.97 crore were spent on 21 annual maintenance works

3.1.7 As per codal provisions, expenditure on a work should not exceed the budget provision for that work.

However, HUDA Division II, Gurgaon spent Rs 2.97 crore against the budget provision of Rs 1.88 crore on 21 annual maintenance works during 2004-05. No reasons for excess expenditure over budget provisions were on record.

Long outstanding advances

Rupees 1.20 crore were outstanding in Miscellaneous Public Works Advances

3.1.8 As laid down in Para 10.23 of the Manual of Orders of Public Works Department (Buildings and Roads), as applicable to HUDA, the Divisional Officers are required to take effective steps to clear the outstanding items under the suspense head Miscellaneous Public Works Advances (MPWA) within reasonable time.

A test-check of records of the Works Divisions at Faridabad and Gurgaon revealed that Rs 1.20 crore were outstanding against various suppliers (Rs 0.35 crore), contractors (Rs 0.47 crore), staff members (Rs 0.22 crore) and Government Offices (Rs 0.16 crore) in the MPWA as of March 2005 for the last one to 11 years. The EE, HUDA Division III, Gurgaon stated (April 2005) that the amount placed in the MPWA was being adjusted. Reply was not acceptable because advances were lying outstanding for a long time and were piling up.

Outstanding recovery of water and sewerage charges

Non-recovery of water and sewerage charges

3.1.9 HUDA provides amenities like water supply and sewerage to the premises and in turn, it levies charges at fixed rates on the consumers. The HUDA Water Supply Regulations, 2001 provides that when a consumer fails to make payment of his dues by the due date, he would be liable to pay penalty at the rate of 10 *per cent* of the bill amount, otherwise the water or sewer connection at his premises would be disconnected after giving seven days' notice and recovery of dues would be made from the consumers as arrears of land revenue.

Audit observed that Rs 80 lakh² on account of water and sewerage charges were outstanding against 1,040 consumers as of March 2005 in the Divisions at Faridabad and Gurgaon. The pendency of outstandings ranged upto seven years. This indicated that proper monitoring and action to recover the dues were not adequate.

The EE, HUDA, Project Division II, Faridabad stated (June 2005) that water and sewerage connections were disconnected in 30 cases and notices for disconnection/recovery would be issued in the remaining cases.

² More than five years old Rs 52,000; more than six months but less than five years old Rs 18.98 lakh; and upto six months old Rs 60.50 lakh.

Loss arising out of failure to deposit funds for payment of enhanced land compensation

Failure to deposit enhanced land compensation in the Court led to loss of Rs 33.34 lakh

3.1.10 Additional District Judge (ADJ), Faridabad attached the bank account of HUDA during 1999-2000 for making payment of enhanced compensation directly to the farmers and land owners. While making payment, ADJ, Faridabad did not deduct any tax at source (TDS) from land owners. As a result, the Income Tax Department (ITD) raised a demand of Rs 122.02 lakh. Out of Rs 122.02 lakh, the LAC office adjusted Rs 85.35 lakh during 2000-03 from the arrears due to the farmers and land owners and deposited the same with ITD. However, the balance of Rs 36.67 lakh could not be recovered as of October 2003. The Assistant Commissioner of Income Tax served (November 2003) a demand notice to deposit Rs 36.67 lakh along with interest of Rs 33.34 lakh totalling Rs 70.01 lakh but the LAC, Faridabad did not make the payment. As a result, the ITD drew (February 2004) Rs 70.01 lakh by attaching the LAC's bank account. Thus, due to failure in depositing enhanced land compensation in the Court in time, HUDA had to bear a loss of Rs 33.34 lakh. No action had been taken to make good the loss (May 2005).

Departmental charges from Jail Department not recovered

Departmental charges of Rs 4.07 crore were not recovered from Jail Department

3.1.11 The administrative approval for construction of the Modern Jail Complex (MJC), Gurgaon at an estimated cost of Rs 34.95 crore was accorded by the Jail Department in October 2000. As per the conditions of administrative approval, HUDA was to charge departmental charges at 14 *per cent* on the value of work.

Test-check of records of the MJC Division, Gurgaon disclosed that HUDA incurred an expenditure of Rs 29.07 crore on execution of the aforesaid work upto March 2005 but departmental charges at 14 *per cent*, which worked out to Rs 4.07 crore, were not recovered by the concerned EEs from the Jail Department as of August 2005.

The EE stated (July 2005) that necessary advice was being sought from their Head office for recovery of departmental charges. Reply was not convincing because these charges were required to be recovered from Jail Department as per conditions of the administrative approval itself.

Loss of interest due to delay in transfer of funds to Head Office

Loss of interest of Rs 40.59 lakh due to delay in transfer of funds

3.1.12 Funds collected by the Estate Offices on account of instalments of payment for plots and other receipts were required to be deposited to the "Transfer and Collection Account" (current account on which no interest is allowed by the bank) and the authorised banks were required to transfer the funds collected to the main account of HUDA's Head Office, Panchkula on weekly basis. As per the instructions of CA, HUDA, the concerned Estate Officers were responsible for getting the funds transferred to the Head office account in time failing which the Accounts Officer in each Estate Office as the nodal officer would be held responsible for loss of interest on this account and strict action would be initiated against him.

Test-check of records of the Estate Office, HUDA, Faridabad revealed that during 2000-05, bank drafts/pay orders deposited by the Estate Officer in the Union Bank of India, Faridabad in the “Transfer and Collection Account” were transferred to Head office’s Account only partly on weekly basis. The balance was being transferred subsequently after a delay of five to nine days. The Accounts Officer concerned did not take appropriate steps to ensure that the funds were transferred to the Head Office promptly, which led to loss of interest of Rs 40.59 lakh (at six *per cent* per annum). There was no evidence on record whether any action had been taken against the defaulting Accounts Officer.

Survey and planning

Inadequate survey leading to acquisition and development of Reserved Forest Land

Acquisition and development of land falling under Reserved Forest Area led to blocking of funds of Rs 62.37 crore

3.1.13 In terms of the Forest (Conservation) Act, 1980, no State Government or other authority is authorised to dereserve any forest area or use forest land for non-forest purposes except with the prior approval of the Central Government.

As per notification of the Government of Haryana, Forest Department, issued in August 1992, the area falling under the Aravali Hills Ranges, Faridabad (now Sectors 44 and 47) was declared Reserve Forest under the Punjab Land Preservation Act, 1900.

Test-check of the records of LAC and EE, HUDA Project Division I, Faridabad revealed that for developing Sectors 44 and 47, notification under Section 4 of the Land Acquisition Act, 1894 was issued in September 1992 for acquiring 483.69 acre land of village Mewla Maharaj Pur (District Faridabad), which was under the Aravali Hills Ranges and was already declared Reserve Forest in August 1992. The District Town Planner, Faridabad took up (June 1993) the matter with the Forest Department for denotification of the land but the proposal did not materialise because denotification was not permissible under the Act. Ignoring this, a further notification under Section 6 of the Land Acquisition Act, 1894 was issued in September 1993, the award was announced in February 1995 and development activities were carried out over this land. An expenditure of Rs 62.37 crore (Rs 55.51 crore on land acquisition and Rs 6.86 crore³ on development) was incurred during the period between 2001-05.

Further scrutiny of records revealed that a Public Interest Litigation was filed in 2002 with the Hon’ble Supreme Court of India against the use of Reserve Forest land for development of urban estate. The Hon’ble Supreme Court on this matter vide its orders dated 18 March 2004 also declared and defined the

³ Construction of roads: Rs 1.62 crore; Providing water supply and sewerage: Rs 2.04 crore; Development of leisure valley: Rs 2.66 crore; and Construction of buildings: Rs 54 lakh.

area as forest for the purpose of the Forest Conservation Act, 1980. The Divisional Forest Officer, Faridabad issued (March 2005) notices to HUDA and the District Town Planner, Faridabad to stop construction activities on the land in question.

Thus, by acquiring the land falling under Reserve Forest area and developing it as urban estate without the prior approval of the Central Government, as envisaged in the Forest (Conservation) Act, 1980, funds of Rs 62.37 crore remained blocked as of August 2005.

Construction of road in forest area led to blocking of funds of Rs 47.37 lakh

3.1.14 In another case, the work of construction of 60 metre wide outer roads of Sectors 26 and 26A, Gurgaon (road numbers 9 and 9A) was allotted (October 2004) to a contractor by HUDA, Division I, Gurgaon and an expenditure of Rs 47.37 lakh was incurred as of March 2005.

It was noticed in audit that despite being pointed out by the Divisional Forest Officer, Gurgaon in November 2003 that no non-forest activities should be carried out in the area without obtaining permission from the Government of India (GOI), the construction work of the road was taken up by the division.

The Divisional Forest Officer, Gurgaon again pointed out (February 2005) that since the land over which the roads were being constructed fell under Reserve Forest land, construction work on the land should be stopped, otherwise action would be taken against HUDA. Thereafter, construction activities of the roads were stopped in February 2005.

Construction of road, without GOI's prior permission, was in violation of the Forest (Conservation) Act, 1980 and led to blocking of Rs 47.37 lakh.

Lack of planning for development of land

Land worth Rs 6.30 crore remained undeveloped due to slackness of HUDA

3.1.15 The Land Acquisition Collector (LAC), Faridabad acquired 290.46 acre land of Sahupura, Unchagaon and Malerna villages through four awards (three awards for 244.42 acres for Rs 9.53 crore announced in April 1998 and one award for 46.04 acre for Rs 5.97 crore announced in February 2001) for development of sector 62, Faridabad.

Test-check of records of the LAC, Faridabad revealed that out of 290.46 acres of land acquired, development activities were carried out on 235.89 acre land only as per lay out plan prepared by the District Town Planner, Faridabad and approved (November 2002) by CA, HUDA. No developmental activities were carried out on the remaining 54.57 acre land acquired at a cost of Rs 6.30 crore (8.53 acre from awards announced in April 1998 and 46.04 acre land from award announced in February 2001). Moreover, this piece of land was not included in the approved layout plan of sector 62.

On this being pointed out in audit, the DTP while sending (June 2005) the *sajra*⁴ and survey plan of the area to the Land Acquisition Collector asked him to mark the details of the unplanned land, so as to enable him to prepare the

⁴ Sketch indicating the details of land such as *killa/Khasra* number, etc.

layout plan of the left out land. Thus, due to slackness on the part of departmental officers, land acquired at a cost of Rs 6.30 crore remained unutilised, a part (46.04 acres) for four years and the rest (8.53 acres) for seven years.

Improper disposal of sewage

Sewage Treatment Plant not installed

3.1.16 Trunk Sewer-IV was covering areas of sectors 44, 45, 46, 47 and part areas of sectors 38, 39, 40 and 41 of the Urban Estate, Gurgaon which are all inhabited (April 2000) areas.

Test-check of records of HUDA Division II, Gurgaon revealed that there was provision of Sewage Treatment Plant (STP) of 37.5 million gallon per day (MGD) capacity in the master sewerage scheme for Trunk Sewer-IV. The work was to be executed in two phases. In the first phase, outfall sewer and other connected works were to be executed while the STP was to be constructed in the second phase. Administrative approval to the first phase was accorded in October 2001 for Rs 24.14 crore against which expenditure of Rs 9.79 crore was incurred as of March 2005. However, the second phase of the scheme involving construction of STP had not been taken up so far (June 2005) because administrative approval for this phase has not yet been accorded. In the absence of STP the sewage generated in the area was being disposed of in the open. Non-implementation of the planned master sewerage scheme, thus, had resulted in unhygienic living environment for the residents of these areas.

Acquisition of land

Avoidable payment of interest due to delay in making payment of enhanced compensation to land owners

Delay in making payment of enhanced compensation to land owners led to payment of interest of Rs 6.43 crore

3.1.17 As per Section 28 of the Land Acquisition Act, 1894, the LAC was to pay interest on the enhanced compensation awarded by the Court at the rate of 9 *per cent* for the first year and 15 *per cent* per annum for the subsequent years from the date on which the Collector took possession of the land to the date of payment.

Test-check of the records of LACs, Faridabad and Gurgaon revealed that in 75 cases pertaining to the period from May 1999 to May 2004, Hon'ble Courts enhanced the compensation awarded by the concerned LACs. But there was delay in payment of the enhanced compensation ranging between 6 and 48 months. Due to delay in making payment of enhanced compensation, HUDA had to pay extra interest of Rs 9.36 crore. Even if, the interest earned by HUDA on its bank deposits at the rate of 6 *per cent* is taken into consideration, the net loss on this account works out to Rs 6.43 crore.

The concerned LACs attributed (May – June 2005) the delay to late receipt of advice from the Legal Remembrance (LR), Haryana, late receipt of funds from HUDA and shortage of revenue staff.

Avoidable payment of interest due to delay in referring objections of land owners to the Courts

Delay in sending objections of land owners to the Courts resulted in avoidable payment of interest of Rs 4.24 crore

3.1.18 Under Section 18 of the Land Acquisition Act, 1894 any person interested, who did not accept the award, may by written application to the Collector, require that the matter regarding his objection to the measurement of land, the amount of the compensation, the person to whom it is payable or the apportionment of the compensation among the persons interested be referred by LAC to the Court. HUDA had issued instructions in April 1990 that reference to District Courts should be made by LAC within 3 months of the date of receipt of such references from the interested persons to avoid unnecessary burden of interest.

Test-check of records of LAC, Faridabad revealed that in 6 cases, applications of landowners (interested persons) were forwarded to the Courts after a delay of 25 to 28 months beyond the permissible period of three months by the LAC. The landowners had accepted the awards under protest. Subsequently, the cases were decided in favour of applicants and enhanced land compensation along with interest was paid between February 2002 and August 2004. Thus, delay beyond the permissible period of three months in referring applications to the Courts resulted in avoidable payment of interest of Rs 4.24 crore. The Land Acquisition Collector, Faridabad stated (May 2005) that the delay occurred due to paucity of staff. The reply was not acceptable as the staff was deployed as per sanctioned strength.

Lack of Internal Control in land acquisition process

Lack of Internal Control System in land acquisition process may lead to double payments

3.1.19 In the office of the LAC, Faridabad, the internal control system was inadequate as no control register/ledger was maintained to keep a watch on the receipt of applications under Section 18 of Land Acquisition Act, 1894, forwarding the same to the Courts and on the payment of compensation or enhanced compensation in each case. Test-check of records revealed that in respect of three⁵ cases, two sets of applications were forwarded to the Courts. As a result, double payment (Rs 48.45 lakh in May 2001-October 2003 and Rs 61.32 lakh in September 2004) in respect of one case (LAC numbers 258 of 2000 and 196 of 2004) was deposited in the Court. The difference on the two occasions was due to increase in the amount of interest payable on the later occasion. Double payment was facilitated since the basic records were not being maintained. However, the second payment of Rs 61.32 lakh was averted the matter on being pointed out by audit in November 2004 and the amount was got refunded from the Court in June 2005. The Land Acquisition Collector stated (February 2005) that the official responsible for this lapse had been suspended. Out of remaining two cases, decision on the second application in respect of one case (LAC number 261 of 2004) was pending (June 2005). In respect of the third case of duplicate application (LAC numbers 81 and 154 of 2001), decisions on both the applications were

⁵ Smt Santosh Kumari (LAC Numbers 258 of 2000 and 196 of 2004), Sh. Devender Singh S/o Sh. Hari Singh of village Sahupura (LAC Numbers 189 of 2001 and 261 of 2004) and Sh. Parveen Singh S/o Sh. Ram Phal of village Uchagaon (LAC Numbers 81 and 154 of 2001).

announced; however, payment for the second application had not been made in the Court. There is clearly a need to strengthen the internal control system to eliminate the possibility of such double payments.

Development and maintenance of urban estates

For the development of urban estates, HUDA undertakes the execution of works relating to construction of roads, buildings, water supply, sewerage system, storm water drainage system and development of parks and street lights, etc. HUDA maintains the amenities provided in the urban estates atleast for five years and thereafter these are required to be transferred to the local authorities concerned.

The year-wise position of physical targets and achievements in respect of development activities during 2000-05 was as under:

Urban Estate	Water supply		Sewage		Storm water drainage		Roads	
	Targets	Achievements	Targets	Achievements	Targets	Achievements	Targets	Achievements
(In Kilometres)								
2000-01								
Faridabad	18.75	15.95	22.52	18.62	1.9	0.30	34.50	36.40
Gurgaon	31.00	46.50	32.95	32.95	42.20	46.60	64.40	46.60
2001-02								
Faridabad	17.30	25.00	24.55	26.50	2.58	1.20	25.90	26.50
Gurgaon	53.00	37.00	59.25	30.77	84.60	39.93	69.50	65.22
2002-03								
Faridabad	45.45	57.30	47.70	42.70	3.70	3.30	35.70	36.50
Gurgaon	49.10	48.60	47.40	34.10	56.00	10.45	62.45	48.10
2003-04								
Faridabad	27.90	32.05	28.65	23.60	8.30	00	104.00	101.00
Gurgaon	48.00	62.90	40.40	42.23	4.70	27.35	146.10	126.78

Note: Information not made available for 2004-05.

Scrutiny of records relating to execution of works brought out the following irregularities.

Execution of works without technical sanction/preparation of detailed estimates

**Works worth
Rs 148.62 crore got
executed without
technical sanctions**

3.1.20 As per provisions contained in para 2.89 of the PWD Code, no work should be commenced unless a detailed estimate is prepared and the competent authority accords technical sanction.

Test-check of records of two⁶ Divisions disclosed that these Divisions undertook execution of 151 works involving expenditure of Rs 148.62 crore during 2000-05 on the basis of administrative approvals only. Neither any detailed estimates were prepared nor technical sanctions were obtained in these cases. Out of these, in 37 cases, HUDA Division III, Gurgaon spent Rs 15.04 crore on maintenance works even without rough cost estimates.

The EE, HUDA Division III, Gurgaon stated (April 2005) that the estimates had been submitted to the competent authorities. The reply was not acceptable as the preparation of estimates and their technical sanction were preconditions for commencement of any work. No reply was furnished by the EE, HUDA Division I, Faridabad (August 2005).

Incomplete works delayed development of sectors

Twenty two works remained incomplete for 2 to 12 years

3.1.21 Scrutiny of records of three⁷ divisions at Faridabad and Gurgaon revealed that 20 works (*Appendix XIV*) remained incomplete for two to 12 years; only Rs 16.20 crore were spent on these works against the estimated cost of Rs 35.04 crore. No target dates for completion of the works were fixed. Despite availability of sufficient funds, the development work had suffered on account of delay in implementation.

Undue financial aid to contractors

Advances paid to contractors without work measurement

3.1.22 Codal provisions require that payments against execution of works be made after proper measurement of work and making record entry in the measurement books. During test-check of records of EE, HUDA Division I, Faridabad, it was noticed that in 13 cases, advances of Rs 39.13 lakh were given to the contractors during October 2003–March 2005 without measurement of works or any record entry in the measurement book. Advances of Rs 31.74 lakh in eight cases were adjusted after one to six months. In the remaining five cases advances of Rs 7.39 lakh were pending (June 2005) for one to 19 months.

Non-invocation of penalty clause

Non-imposition of penalty of Rs 0.81 crore on contractors

3.1.23 It was noticed in 15 cases (allotted during 2003-05) in three⁸ Divisions that the contractors did not complete the works within the scheduled time. Time extension had also not been granted by the competent authority. As per Clause 2 of the Agreement, penalty at the rate of 10 *per cent* of the agreement amount was to be imposed on the contractors for not completing the works within schedule. Though a period ranging between 5 and 15 months had already elapsed (June 2005), no penalty had been imposed under the clause in any case. The total amount of penalty in these cases worked out to Rs 0.81 crore. Non-levy of penalty amounted to grant of undue favour to contractors.

⁶ HUDA Division I, Faridabad (78 works; Rs 36.09 crore), HUDA Division – III, Gurgaon (73 works; Rs 112.53 crore).

⁷ HUDA Division I, Faridabad, HUDA Division I and II, Gurgaon.

⁸ HUDA Division I, Faridabad, HUDA Divisions II and III, Gurgaon.

Taking up activities not covered under the HUDA Act

Rupees 18.16 crore were spent on construction of 43 buildings which were not specified in the HUDA Act

3.1.24 As per the HUDA Act, amenities like roads, water supply, street lighting, sewerage, drainage, parks, open spaces, play fields, landscaping and clubs were to be provided by HUDA. Test-check of records of HUDA Divisions, Faridabad and Gurgaon revealed that 43 buildings (police posts: 10, police stations: 10, schools: 16, college: 1, dispensaries: 3, hospital: 1 and fire stations: 2) were constructed at a cost of Rs 18.16 crore during 2000-05 from the financial resources of HUDA. These facilities were not specified in the HUDA Act as amenities and construction of these were the responsibility of respective Departments of the Government. The expenditure so incurred was an additional burden on the plot holders as all such expenditure is taken into consideration at the time of price fixation of plots by HUDA.

Rupees 6.15 crore were spent on construction/ widening of Public Works Department's road

3.1.25 HUDA project Division I, Faridabad incurred an expenditure of Rs 6.15 crore during 2001-05 on maintenance and improvement by widening as well as strengthening a road belonging to the Public Works Department-Buildings and Roads (PWD-B&R) on the orders of the Financial Commissioner and Secretary to Government of Haryana, PWD issued in September 2001. Expenditure incurred on the PWD road was not an appropriate charge to HUDA funds.

The EE stated (April 2005) that repair of the road was assigned to HUDA by the PWD without transfer of ownership. But no separate notification was issued in this regard by the Government. It is clear from the reply that the expenditure incurred on the road was not a legitimate charge on HUDA funds, which otherwise would have been borne by the State Government from its own resources.

3.1.26 An expenditure of Rs 45.41 lakh was incurred during 2002-04 on development of a town-park on defence land at Palwal. Since the park was not located in the urban estate of HUDA, the expenditure incurred was not an appropriate charge on HUDA funds. Moreover, the land was yet to be transferred in the name of Government of Haryana (May 2005).

Avoidable expenditure on the maintenance of developed sectors

Non-transfer of developed Sectors of urban estates led to avoidable expenditure on their maintenance

3.1.27 Section 29 of the HUDA Act, 1977, *inter-alia*, provides that the Authority may entrust the area developed by it to the local authority concerned for maintaining the amenities provided by HUDA. HUDA conveyed (October 1988) its decision to transfer those sectors to the concerned Municipal Committees, which had been fully developed for more than five years and where 25 *per cent* (revised to 50 *per cent* in December 2002) or more houses had been constructed.

A test-check of records of the Works Divisions at Faridabad and Gurgaon revealed that HUDA had not transferred 36⁹ developed sectors to the Municipal Corporation (MC), Faridabad and the Municipal Council, Gurgaon.

⁹ Faridabad: 2, 3, 5, 20B, 21D, 30, 31, 45, 46, 48, 55, 56, 58 and 59; Gurgaon: 4, 5, 7, 9, 9A, 10, 10A, 12A, 14, 15, 17, 18, 21, 22, 23, 23A, 29, 31, 32, 39, 40 and 43.

An expenditure of Rs 72.47 crore had been incurred during 2000-05 on the maintenance of these Sectors, which otherwise would have been borne by the concerned local bodies, had these been transferred. The HUDA while fixing the price of the plots to be charged was considering the period for which it had the liability towards maintenance as five years only. As such, in order to minimise the expenditure and cap the liability commensurate with cost recovered, HUDA had to take up the matter for transferring the liability of maintenance with the concerned municipal authorities. Though the matter had been taken up, no decision was reached (August 2005) for transfer of these sectors to the municipal authorities.

Allotment of plots and recoveries thereof from allottees

Residential plots are allotted by draw of lots from the applications received from the public. All the successful applicants are issued a letter of allotment indicating all terms and conditions of allotment and the mode of payment.

Avoidable payment of interest to allottees due to delay in handing over possession of plots

3.1.28 HUDA floated schemes for residential plots in different sectors from time to time for allotment to general public. The allotment letters issued to the allottees provided that the possession of plots would be offered on completion of development works in the concerned area.

Due to delay in handing over possession of plots to allottees HUDA had to pay interest of Rs 2.20 crore

During test-check of records of Estate Officers, HUDA, Faridabad and Gurgaon, it was noticed that there was delay in completion of development works in 136 cases with the result that HUDA failed to hand over the possession of these plots to the allottees due to delays in completion of necessary developmental works associated with these plots. Being aggrieved by the delay in getting physical possession of their plots, the allottees filed complaints in the District Consumer Disputes Redressal Fora, Faridabad and Gurgaon and demanded interest on their deposits with HUDA. The Fora directed HUDA to pay interest at the rate of 12 *per cent* per annum on the amount deposited by these allottees. HUDA paid interest amounting to Rs 2.20 crore to 136 plot holders during 2004-05. Thus, due to delay in handing over possession of plots, HUDA had to bear extra expenditure of Rs 2.20 crore.

Occupation of shops by Government departments

3.1.29 Test-check of records of HUDA Division I, Gurgaon disclosed that three Shop-cum-flats (SCFs) in Sector 15-I, Gurgaon were constructed at a cost of Rs 40.34 lakh for sale through auction. However, these shops were occupied since May 2001 by the Office of the Deputy Excise and Taxation Commissioner, Gurgaon and the Deputy Labour Commissioner, Gurgaon without any rent. Shop-cum-flats could not be put to auction and no revenue was earned out of investment of Rs 40.34 lakh. Had the SCFs been leased out on rent to these Government offices after proper agreement, HUDA would

Blocking of funds of Rs 40.34 lakh due to occupation of three shops by Government departments

have fetched Rs 13.65 lakh¹⁰ on account of rent for the period from May 2001 to August 2005.

Land under unauthorised possession

3.1.30 Scrutiny of records maintained in the Estate Offices, HUDA, Faridabad and Gurgaon disclosed that 888.28 acres of land valuing Rs 517.19 crore (776.69 acres valuing Rs 452.85 crore under stay granted by the Courts and 111.59¹¹ acres valuing Rs 64.34 crore not under stay) located in 21 sectors in Faridabad and 48 sectors in Gurgaon carved out for sale of plots was under encroachment as of March 2005 and these encroachments were in existence since the year 1983 in Faridabad and 1986 in Gurgaon. HUDA in its annual meetings had been reiterating that encroachments where there were no stay order from Courts' should be removed immediately by the survey branch of the concerned Estate Office. But survey branches (Sub-Divisional Engineer/Junior Engineer) of the Estate Offices did not take any steps to get the encroachments removed by seeking assistance from the district administration.

Conclusions

3.1.31 Financial management in the organisation was weak as there were long outstanding advances, outstanding water and sewerage charges, failures in depositing enhanced land compensation, not recovering departmental charges, loss of interest due to delay in transfer of funds to Head office, etc.

Acquisition and development of land falling under Reserve Forest Land, construction of a road in forest area, improper disposal of sewage due to non-installation of STP in the areas, etc. were indicative of inadequate survey and planning. Test-check of records relating to acquisition of land brought out avoidable payment of interest due to delay in making payment of enhanced compensation to land owners, delay in referring land owner's objections to Courts, and lack of internal control in land acquisition process.

Scrutiny of records relating to execution of works of urban estates brought out execution of works without technical sanctions/detailed estimates, delay in development of sectors due to incomplete works, undue financial aid to

¹⁰ Considering the rate of Rs 8,750 per month per SCF keeping in view the rates being charged during the period for similar SCFs in the area.

¹¹ Faridabad: Sector 3 (0.5 acre), Sector 4R (0.25 acre), Sector 8 (1.64 acre), Sector 19 (2.35 acre), Sector 21B (1 acre), Sector 27 B (2.6 acre) Sector 30 (1 acre), Sector 46 (0.5 acre) and Sector 58 (0.25 acre); Gurgaon: Sector 5 (3 acre), Sector 9, 9A, 10 (50 acre), Sector 12A (1.5 acre), Sector 20 (2 acre), Sector 21 (0.5 acre), Sector 22 (1.25 acre), Sector 23A (2 acre), Sector 29 (2 acre), Sector 30-32A (1 acre), Sector 33, 34 (2 acre), Sector 37 (1.5 acre), Sector 38-41 (2 acre), Sector 44-46 (8.25 acre), Sector 51 (1 acre), Sector 52 (3.5 acre), Sector 57 (20 acre).

contractors, failure to apply penalty clause due to delay in execution of works and taking up activities not covered under the HUDA Act and avoidable expenditure on maintenance of developed Sectors.

All these deficiencies are indicative of ineffective management in development of urban estates.

Recommendations

- 3.1.32** ▶ The State Government should issue instructions to all Departments/Bodies to strictly comply with the Forest (Conservation) Act, 1980 and ensure that acquisition of Reserve Forest Land takes place only with the prior approval of Central Government;
- ▶ HUDA should evolve a foolproof system for transfer of funds collected by the Estate Offices from the 'Transfer and Collection Account' of field offices to its Head Office Account. An agreement with the concerned banks may also be worked out to facilitate automatic transfer of funds on a weekly basis;
 - ▶ HUDA should ensure that land acquired by Land Acquisition Collectors is expeditiously developed. Also efforts should be made to install STPs to check unhygienic conditions and pollution in urban estates; and
 - ▶ Adequate checks and balances should be devised so as to prevent double payments of enhanced land compensation.

These points were referred to Government (August 2005), reply had not been received (August 2005).