

## **CHAPTER-III PERFORMANCE AUDIT**

This Chapter presents performance audit of the Accelerated Rural Water Supply Programme, Modernisation of Police Force, Rajasthan Water Sector Restructuring Project, Rajasthan Urban Infrastructure Development Project and Computerisation of Treasuries.

### **PUBLIC HEALTH ENGINEERING DEPARTMENT**

#### **3.1 Accelerated Rural Water Supply Programme**

##### *Highlights*

*The Accelerated Rural Water Supply Programme (ARWSP) aims at providing safe and adequate drinking water facilities to the rural population. More than 65,000 habitations in the State did not have adequate drinking water mainly due to mismanagement of scheme funds and slow execution of works taken up under the programme. Monitoring of the programme implementation was inadequate and quality of water supplied was poor. There was no plan for water source sustainability. The programmes for community participation in the water supply schemes and Communication and Capacity Development were not successful in the State.*

**The Annual Action Plans were not complete as per scheme guidelines, as these did not focus on the coverage of non-covered habitations, targeted population and water source sustainability, etc.**

*(Paragraph 3.1.6)*

**Government was deprived of Central assistance of Rs 188.59 crore due to slow spending. The State contribution towards matching share in Minimum Needs Programme was less by Rs 174.95 crore.**

*(Paragraph 3.1.8)*

**More than 65,000 habitations did not have adequate drinking water as against about 38,000 in April 2002. More than 8,000 rural schools were yet to be provided with drinking water under the programme. Out of eight fluoride control projects planned in 1994 to cover 692 villages only two were completed covering the habitations already covered earlier**

*(Paragraphs 3.1.9 and 3.1.12.1)*

**Inadmissible expenditure of Rs 140.05 crore was charged to the ARWSP fund in violation of the programme guidelines.**

*(Paragraph 3.1.11)*

**The Field Testing Kits for water quality monitoring were not procured despite availability of funds. Water supplied in 49 habitations contained Total Dissolved Solid much above the permissible limit of 1500 Parts per Million.**

*(Paragraph 3.1.12.2)*

**Expenditure of Rs 4.62 crore was incurred on poor performance of pipeline and extra liability of Rs 8.70 crore was committed due to delays in issue of technical sanctions and finalising the tenders for the works. Sixty water supply schemes were lying incomplete after spending Rs 78.48 crore. Pipes valued Rs 3.46 crore were not used and 101 water supply schemes under Sector Reform were lying incomplete after spending Rs 5.67 crore.**

*(Paragraphs 3.1.10, 3.1.13 and 3.1.14)*

**No Vigilance and Monitoring Committee was set up at State, district and village levels and Research and Development Cell was not set up for investigation works. Management Information System was inadequate.**

*(Paragraph 3.1.16)*

### **3.1.1 Introduction**

The Accelerated Rural Water Supply Programme (ARWSP), a Centrally sponsored scheme, was revamped (April 1999) to provide safe and adequate drinking water facilities to the rural population by supplementing the efforts of the State Government under Minimum Needs Programme (MNP). The main objectives of ARWSP were:

- to ensure coverage of all rural habitations;
- to ensure sustainability of the systems and sources; and
- to preserve quality of water by institutionalising water quality monitoring and surveillance through a catchments area approach.

Rajasthan covers about 10 *per cent* of total area of the country whereas availability of water is less than one *per cent*. Ground water is the main source of water in the State. In many places water is not potable due to excess contents of Chloride, Fluoride, Nitrate and Arsenic, etc.

### **3.1.2 Organisational set up**

In the State the programme is being implemented by Public Health Engineering Department (PHED). Principal Secretary is the administrative head of PHED. The Chief Engineer (CE), Rural is the overall in-charge of the ARWSP assisted by six Additional Chief Engineers (ACEs) at Zonal level, 28 Superintending Engineers (SEs) at circle level and by Executive Engineers (EEs) of 98 Divisions. The Rajasthan Water Supply and Sewerage

Management Board (Board) headed by Minister, PHED is an agency for policy formulation, technical advice, consolidation and control of expenditure.

### **3.1.3 Audit objectives**

The audit objectives were to assess whether:

- the process of planning for ARWSP was effective;
- the survey of habitations conducted effectively and planning was based on authentic and reliable data;
- the financial management was efficient;
- the schemes were executed economically and efficiently; and
- the mechanism for monitoring of water quality was adequate and effective.

### **3.1.4 Audit criteria**

Performance audit was conducted with reference to:

- ARWSP guidelines for planning and implementation of the projects;
- guidelines for National Rural Drinking Water Quality Monitoring and Surveillance Programme;
- National Water Policy;
- Project Implementation Plan for individual schemes and
- instructions issued by the Central and the State Governments.

### **3.1.5 Audit coverage and methodology**

The performance audit was conducted (February to May 2007) to examine the implementation of the ARWSP covering the period 2002-03 to 2006-07 by test check of records of the CE (Headquarters), CE (Special Projects), CE (Rural) at Jaipur and of 19 Divisions<sup>1</sup> in seven Districts<sup>2</sup> (out of 32) having 49 blocks (out of 237) and 8,130 villages (out of 39,753). A meeting was held in January 2007 with the Principal Secretary, PHED to discuss the subject of the performance audit, the audit objectives and the criteria.

- 
1. Bagheri ka Naka Project, Nathdwara; Balotra (Barmer); Banswara; Beawar; Bisalpur-I, Kekri (Ajmer); Bisalpur-II, Ajmer; Bisalpur-III, Bhinay (Ajmer); City Barmer; Dausa; District (Rural), Ajmer; District Rural-I, Bikaner; District Rural-II, Bikaner; Kishangarh (Ajmer); Neem ka Thana (Sikar); North Barmer; RIGEP, Barmer; South Barmer; Rajsamand and Sikar.
  2. Ajmer, Banswara, Barmer, Bikaner, Dausa, Rajsamand and Sikar.

## Audit findings

**Annual Action Plans were not prepared adequately.**

### 3.1.6 Planning

Annual Action Plans (AAPs) were to be prepared by the CE with all necessary details indicated in the programme guidelines and submitted to the Government of India (GOI) (Rajiv Gandhi National Drinking Water Mission). Action Plans submitted to the GOI did not focus on priority for coverage of Not Covered (NC) habitations, steps proposed to be taken to function in mission-mode, in house plan for Human Resource Development, activities to be taken up under sub-mission to tackle the problems of the targeted population including the Scheduled Castes (SCs) and Scheduled Tribes (STs). Thus, the AAPs were not complete as per provisions of guidelines. There was no plan for water source sustainability. In order to have a complete understanding on the villages to be surveyed, maps were to be prepared before and just after the survey. However, such maps were not prepared by PHED. The impact of the shortcomings in planning on programme implementation has been commented at the appropriate places.

### 3.1.7 Survey of habitations

To ascertain reliable information on the status of drinking water supply in rural habitations, rural schools and the water source tested for quality problem with details of existing safe drinking water supply system in such quality affected habitations, GOI issued instructions (February 2003) to conduct a survey in accordance with the guidelines and submit the results by September 2003. Government submitted the survey results in October 2003.

Based on the survey, Government reported the status of 1,21,133 habitations in the State to GOI including 40,342 as fully covered (FC), 61,995 as partially covered (PC) and 18,796 as not covered (NC). However, GOI considered 1,07,768 habitations (NC : 55,934; PC : 17,168 and FC : 34,666) as per the ARWSP norms (population less than 100 were not considered for a habitation). State Government, however, planned for 1,22,250 habitations (NC: 65,213; PC: 17,159 and FC: 39,878). Thus, there was deviation from the ARWSP guidelines for deciding the number of habitations and the AAPs were not based on correct data of habitation and the category of habitation.

### 3.1.8 Financial management

The programme was funded by the GOI with 50 *per cent* matching share by the State under ARWSP-normal. Matching share was 25 *per cent* under projects for sub-mission. The schemes under Desert Development Programme (DDP) and other monitoring activities<sup>3</sup> were entirely funded by GOI. Year-wise details of GOI releases, budget and expenditure under ARWSP

---

3. Management Information System, Human Resource Development, Information, Education and Communication, Monitoring and Evaluation, Institutionalising Water Quality Monitoring and Surveillance System and Research and Development Project.

(excluding Churu Bissau Project) and MNP during 2002-07 was as under:

**(Rupees in crore)**

Year	Opening balance of funds received from GOI	Funds received from GOI	Total funds available from GOI	Budget provision made by State Government		Expenditure		Balance	
				Against receipt from GOI	Under MNP as State share	Against GOI share	Against State share	Against receipt from GOI and carried forward	Against State share under MNP
2002-03	86.69	236.63	323.32	290.11	133.04	295.64	124.70	27.68	8.34
2003-04	27.68	256.96	284.64	276.62	182.32	269.57	149.89	15.07	32.43
2004-05	15.07	337.81	352.88	276.87	269.21	264.58	190.11	88.30	79.10
2005-06	88.30	495.08	583.38	358.42	283.14	361.64	238.57	221.74	44.57
2006-07	221.74	524.85	746.59	745.15	288.37	726.05	273.10	20.54	15.27
<b>TOTAL</b>		<b>1,851.33</b>				<b>1,917.48</b>			

**Central assistance of Rs 20.54 crore remained unutilised as of March 2007.**

It would be seen that Government could not spend GOI funds of Rs 20.54 crore as of March 2007. The unspent balances during 2004-05 and 2005-06 were much more. This was partly because State Government released Rs 195.27 crore (between Rs 6.71 crore and Rs 108.25 crore) to the executing agencies in the month of March of years 2002-07. The State funds were also not utilised and lapsed every year.

### **3.1.8.1 Reduction in GOI assistance**

**State Government was deprived of the benefit of Central assistance of Rs 188.59 crore due to slow spending.**

The State Government did not fully utilise Central assistance. The unutilised Central assistance was carried forward as opening balance every year. As a result, GOI made mandatory cuts under ARWSP-normal and DDP while releasing the subsequent instalments to the State. During 2002-07, GOI released Rs 1,267.42 crore under ARWSP and Rs 431.82 crore under DDP against the allocation of Rs 1,400.83 crore and Rs 487 crore respectively. Thus, the State Government was deprived of the benefit of Central assistance of Rs 188.59 crore.

### **3.1.8.2 Short release by the State Government**

**State Government contributed Rs 174.95 crore less matching share.**

Under the MNP the State Government was to release its matching share during 2002-07 equal to expenditure incurred under ARWSP-normal and 25 per cent of expenditure under sub-mission projects. Against the total expenditure of Rs 1,151.32 crore under ARWSP-normal (Rs 1,043.15 crore) and sub-mission projects (Rs 108.17 crore) the release was Rs 976.37 crore i.e. its matching share of Rs 174.95 crore during 2002-07 was short released. Reasons for short release though called for (May 2007) were not intimated (August 2007) by the Department.

### 3.1.8.3 Unutilised advances shown as expenditure

Expenditure reported to GOI was inflated by Rs 42.85 crore.

The guidelines stipulate that unutilised advances should not be treated as final expenditure. The EEs of six divisions<sup>4</sup> however, treated the advances of Rs 42.85 crore paid (2002-07) to Ajmer Vidyut Vitran Nigam Limited (Rs 4.57 crore<sup>5</sup>), Water Resources Department (WRD) (Rs 19.75 crore<sup>6</sup>) and four firms (Rs 18.53 crore<sup>7</sup>) as final expenditure under ARWSP. Of this, Rs 22.56 crore remained unadjusted as of March 2007 in five divisions<sup>8</sup>. Thus, expenditure was inflated by Rs 42.85 crore as reported to GOI.

### 3.1.8.4 Inflated booking of GOI grants

There was inflated booking of GOI grants of Rs 40.83 lakh.

In Sikar Division during 2003-04 to 2005-06, Rs 40.83 lakh<sup>9</sup> was booked for material on the last day of the financial year and written back in the next year. This resulted in inflated booking of GOI grants.

### 3.1.8.5 Diversion of funds

Scheme funds of Rs 37.05 lakh were diverted.

EE, Sikar Division transferred (2002-03) Rs 2.31 crore for the revival of 617 traditional water supply (TWS) schemes to Zila Parishad. Of this, Rs 37.05 lakh was returned (January 2005) to the Division. The Division credited (January 2005) this amount to Civil Deposits instead of ARWSP. Thus, Rs 37.05 lakh was kept out of ARWSP funds for 27 months. This resulted in diversion of funds of Rs 37.05 lakh.

## 3.1.9 Physical performance

The targets fixed by GOI and the achievement made by PHED were as under:

Year	Habitations at the beginning of year				PC habitations covered during the year			NC habitations covered during the year		
	Total	Fully covered (FC)	Partially covered (PC)	Not covered (NC)	Target	Achievement	Percentage achieved	Target	Achievement	Percentage achieved
2002-03	93,946	55,787	32,043*	6,116	9,105	10,098	111	1,895	1,156	61
2003-04	93,946	67,041	21,945	4,960	-	9,434	-	4,960	1,986	40
2004-05	93,946	77,637	13,335*	2,974	8,000	10,559	132	1,000	674	67
2005-06	1,22,250**	39,878	17,159	65,213^	2,263	11,904	526	9,089	1,442	16
2006-07	1,22,250	51,251	7,228*	63,771	8,437	6,125	73	2,502	1,865	75
Balance as on 31 March, 2007	1,22,250	56,921	3,423*	61,906^^						

\* Increase due to slipped back (2002-03: 13,498; 2004-05: 824; 2006-07: 1,973 and on 31 March 2007: 2,320).

\*\* Increase as per survey 2003.

^ CAP-1999 : 2,300, Slipped back : 31,030, Quality affected : 31,883

^^ CAP-1999: 1,512, Slipped back : 30,306, Quality affected: 30,088

4. Bagheri ka Naka; Bisalpur-II, Ajmer; Jhalawar; Kishangarh; Production and Distribution (P&D) (South), Jaipur and Rajsamand.
5. March 2006: Rs 4.57 crore.
6. 2002-03: Rs 17 crore, 2005-06: Rs 1.75 crore and 2006-07: Rs 1 crore.
7. 2003-04: Rs 1.69 crore (RajCOMP), 2004-05: Rs 0.73 crore (NICSI), 2005-06: Rs 0.99 crore (NICSI) and 2006-07: Rs 15.12 crore (Indian Institute of Health Management and Research, Jaipur and M/s Nagarjuna Limited).
8. Bisalpur-II, Ajmer; Jhalawar; Kishangarh; P&D (South), Jaipur and Rajsamand.
9. 2003-04: Rs 16.53 lakh, 2004-05: Rs 8.50 lakh and 2005-06: Rs 15.80 lakh.

- As a result of survey (2003) the total habitations were increased from 93,946 to 1,22,250 as of March 2005. The FC habitations decreased from 77,637 to 39,878 due to considering quality effected and slipped back habitations in NC habitations. During the period 2002-07, 18,615 habitations were slipped back from FC to PC habitations due to depletion in production capacity of sources/drying of hand pumps/deterioration of quality of water. This could have been avoided had the activities for source sustainability been undertaken by the Department.

**Goals of tenth plan regarding coverage of habitations were not fully achieved.**

- As per the goals provided in the Tenth Five Year Plan (2002-07) all habitations of Comprehensive Action Plan (CAP-1999) were to be covered by March 2004. Against the targets of 6,116 NC habitations and 12,098 PC habitations of CAP-1999 to be covered as of 1 April 2002, 3,142 NC and 12,098 PC habitations were covered upto March 2004. Similarly, consolidation of coverage was to be undertaken by attending to coverage of newly emerged and slipped back habitations by March 2007. It was, however, observed that 65,329 habitations (CAP-1999: 1,512; slipped back: 30,306; quality affected: 30,088 and PC: 3,423) out of total 1,22,250 habitations were without adequate drinking water facility as of March 2007.

### **3.1.9.1 Prioritisation of works**

**Priority for coverage of NC habitations was ignored.**

Guidelines stipulate priority for coverage of NC habitations. During 2002-07, there was shortfall in coverage of NC habitations, while PC habitations were covered in excess of the targets. Reasons for short coverage of NC habitations though called for (March 2007) were not intimated to Audit. It was observed that on the basis of the concept note of the CE (Rural), GOI permitted (June 2006), as a special case, to cover 648 hardcore NC habitations of four districts<sup>10</sup> by constructing 'tankas' by March 2007; but these were not covered. The administrative and financial sanction of 'tankas' only for Barmer District was issued in October 2006 and no sanctions were issued for other districts as of March 2007. Thus, Government failed to supply water to the hardcore NC habitations despite having permission of the GOI.

### **3.1.9.2 Extraction of ground water**

The State suffers from scanty rainfall, inadequate surface water and depends mostly on ground water. There was over extraction of ground water in 140 blocks (out of 237 blocks). The GOI fixed (2000-01) five *per cent* of funds released under ARWSP for exclusive use on projects relating to sustainability of water resources. Accordingly, State was to spend Rs 63.37 crore on source sustainability. As the PHED had not formulated any plan for water source sustainability, no sum could be spent on this component despite the fact that there was indiscriminate and disproportionate level of ground water extraction. This resulted in non-protection of precious natural resources.

10. Barmer: 348, Bikaner: 50, Jaipur: 50 and Jodhpur: 200.

### 3.1.9.3 Supply of drinking water in rural schools

Under the ARWSP, drinking water facility was to be provided to all rural schools by the end of Tenth Plan. The targets of 2005-06 and 2006-07 for coverage of rural schools were not achieved and shortfall was 64 and 57 per cent respectively. As of March 2007, 8,195 schools were not covered.

### 3.1.10 Execution of works

Guidelines stipulate that utmost economy should be observed while spending the ARWSP funds. Test check of execution of 132 works and 448 hand pumps costing Rs 328.51 crore revealed cases of unfruitful and avoidable expenditure, blocking of funds, cost overrun, etc. as discussed below:

#### 3.1.10.1 Unfruitful expenditure

**Poor performance of pipeline resulted in unfruitful expenditure of Rs 4.62 crore.**

Technical Committee of the Board accorded (May 2000) technical sanction (TS) for the work of providing, laying and jointing of 600 millimetre (mm) dia Asbestos Cement (AC) pipeline from Bhinay to Bijay Nagar for Rs 6.74 crore to meet the water requirement of 18.31 Million litres per day (MLD) (urban: 15.5 MLD and rural: 2.81 MLD) for the projected year 2027. The water demand for the year 2001 was 7.66 MLD and the pipeline was laid in August 2002 at a cost of Rs 6.90 crore. Against the desired capacity of 18.31 MLD the working capacity of pipeline laid was only six MLD as of March 2006. The performance of pipeline was 33 per cent of projected demand after four years of its installation and even present demand was not being fulfilled. Thus, due to poor performance of the pipeline expenditure of Rs 4.62 crore was rendered largely unfruitful.

**Expenditure of Rs 83.99 lakh was incurred on hand pumps that failed.**

- To provide potable water to rural habitations, hand pumps were to be set up. In three test checked divisions<sup>11</sup> it was observed that 1,733 hand pumps were taken up (2002-07) of which 250 hand pumps failed and Rs 83.99 lakh was spent on drilling/digging bore holes of these failed hand pumps. EE, Kishangarh Division attributed (April 2007) the failure to construction without obtaining the report from Hydro geologist.

**Non-completion of road resulted in unfruitful expenditure of Rs 16.71 lakh.**

- A Fluoride Control Project (FCP) at Ajmer included provision for construction of Bituminous (BT) approach road from village Dewalia to Junia. The SE, Circle Ajmer awarded (November 2000) the work to contractor 'A' for Rs 32.39 lakh for completion by May 2001. After executing the work upto Water Bound Macadam level (valued Rs 16.71 lakh), the contractor left the work in August 2002 resulting in unfruitful expenditure of Rs 16.71 lakh. Neither any action was taken against the contractor, nor the work was completed.

---

11. Banswara Division: 127 hand pumps (Rs 32.83 lakh), Beawar Division: 120 hand pumps (Rs 50.09 lakh) and Kishangarh (Ajmer) Division: three hand pumps (Rs 1.07 lakh).



### 3.1.10.2 Avoidable expenditure

Avoidable/extra expenditure of Rs 1.30 crore was incurred on execution of four ARWSP works as discussed below:

	Name of work	Audit observations
<b>Excess payment of Rs 17.63 lakh was made to the contractor.</b>	Construction of transmission main for Bagheri ka Naka (Rajsamand) on turn key basis (Excess payment : Rs 17.63 lakh)	The work allotted (April 2003) to contractor 'B' for Rs 26.89 crore for completion by October 2004 was actually completed in December 2006 with delay of more than 25 months. Of which 23 months delay was attributed to the Department. Total price escalation of Rs 118.22 lakh was paid to the contractor (upto November 2005) against admissible Rs 100.59 lakh. Thus, excess payment of Rs 17.63 lakh was made to the contractor.
<b>Service Reservoirs constructed at a cost of Rs 34.78 lakh for the villages already covered.</b>	Construction of Additional Over Head Service Reservoirs (OHSRs)/Clear Water Reservoir (CWR) (Avoidable expenditure : Rs 34.78 lakh)	The Policy Planning Committee (PPC) of Board accorded (July 2004) administrative sanction for Rs 47.95 crore for coverage of 115 villages of Bhinay – Masuda Sector. This included three Regional Water Supply Scheme (RWSS) originating from various head-works. Under these schemes, six OHSRs <sup>12</sup> for 46 villages were sanctioned (July 2004) considering designed half-day demand of estimated population of year 2027 and distribution upto tail end villages. Additional OHSRs/CWR were also sanctioned (May and August 2005) by PPC to provide house connections and to feed tail end villages. Accordingly, seven additional OHSRs and one CWR were constructed at a cost of Rs 34.78 lakh for 18 villages, which were included in 46 villages already covered. This resulted in avoidable expenditure of Rs 34.78 lakh.
<b>Execution of different rate contracts with the same contractor led to extra expenditure of Rs 14.14 lakh.</b>	Rate contracts for supply of pipes (Extra expenditure: Rs 14.14 lakh)	Two rate contracts (RCs) were executed (July and August 2006) with contractor 'C' for supply of Ductile Iron (DI) Pipes of 200 mm and 150 mm dia at Rs 944 and Rs 729 per metre (without excise duty) and Rs 1,063 and Rs 822 per metre (with excise duty) respectively. In both the RCs the specifications of the pipes and price elements (basic cost, taxes and transportation) except Central excise duty (at 16.32 per cent) should be same. The basic cost of DI pipes was higher in RC entered in July 2006 than in RC of August 2006. Though the rates quoted (April and June 2006) by supplier were available with the sanctioning authority (CE, Headquarters, Jaipur), the RCs were entered (July-August 2006) at different rates which resulted in extra expenditure of Rs 14.14 lakh <sup>13</sup> upto January 2007 on supply of DI pipes. The comments of CE though called for (March 2007) were not received (August 2007).
<b>Old pipelines not delaid and cost afforded to the schemes.</b>	De-laying of existing pipeline (Extra liability : Rs 63.36 lakh)	The technical sanctions of water supply schemes <sup>14</sup> (June 2003 to May 2004) envisaged removal of old pipelines and affording credit to the respective schemes with the cost of delaid pipes. In District Division-II (Rural), Bikaner pipelines were either not delaid or delaid less till the completion of the work of schemes and the required credit of Rs 63.36 lakh to the schemes was not afforded.

### 3.1.10.3 Blocking of funds

**Rs 78.48 crore were blocked due to non-completion of schemes.**

Water supply schemes were targeted for completion within a period of two to four years. It was observed that 60 schemes/works in 18 districts sanctioned during 1997-2004 were lying incomplete as of March 2007 after incurring expenditure of Rs 78.48 crore mainly due to delay in issuing TS (Rs 7.75 crore: five works), land disputes (Rs 5.30 crore: 11 works), works left incomplete by the contractors (Rs 0.83 crore: two works), non-testing of

12. OHSRs at Deoliya Kalan , Heerapura, Karanti , Padnga, Satawadiya and Tantoti.

13. **Pipe 150mm** 81,360 metres x (Basic rate as per RC 3001: Rs 649.60 - Basic rate as per RC 3036: Rs 638.41) = Rs 9.10 lakh.

**Pipe 200mm** 33,184 metres x (Basic rate as per RC 3001: Rs 837.42 - Basic rate as per RC 3036: Rs 822.23) = Rs 5.04 lakh.

14. Augmentation of Regional Water Supply Scheme, Badrasar (Bikaner) and Bangadsar-Beethnok (Bikaner).

pipelines (Rs 28.45 crore: 10 works), delay in finalisation of tenders (Rs 0.47 crore: three works), delayed execution (Rs 27.86 crore: 20 works) and other reasons (Rs 7.82 crore: nine works) as detailed in **Appendix-3.1**.

**Non-utilisation of residential quarters resulted in blocking of Rs 44.57 lakh.**

Nine out of 18 residential quarters constructed during March 2003 to September 2004 under Water Supply Schemes for technical staff were not allotted as of May 2007. This resulted in blocking of Rs 44.57 lakh on residential quarters.

#### **3.1.10.4 Extra liability due to delays in issue of sanctions/finalising of tenders**

There was extra liability of Rs 8.70 crore as the cost of works increased due to delays in issue of technical sanctions and finalising the tenders for the works as discussed below:

Name of Division	Name of the work	Particulars
<b>Delays in issue of TS increased cost of works by Rs 57.93 lakh.</b>	Bisalpur-II, Ajmer Regional Water Supply Scheme (RWSS), Nandla-Amarapura (Cost overrun: Rs 57.93 lakh)	The TS for works of RWSS, Nandla-Panchmata and Nandla-Amarapura were accorded in August 2002 and June 2004 respectively. The works of laying and jointing of pipeline RWSS of Nandla-Panchmata and Nandla-Amarapura were awarded in December 2002 and December 2004 to contractors 'D' and 'E' for Rs 21.01 lakh (at five <i>per cent</i> below Schedule-G) and for Rs 38.19 lakh (at 30.10 <i>per cent</i> above Schedule-G) respectively. Though both the schemes were administratively approved in July 1999, the TS were issued in August 2002 and June 2004. As such, the tender of Nandla-Amarapura could be approved in December 2004 resulting in cost increase. Thus, delayed (June 2004) issue of TS of RWSS Nandla-Amarapura led to increase (March 2007) in cost by Rs 57.93 lakh (pipes: Rs 45.40 lakh <sup>15</sup> and laying: Rs 12.53 lakh <sup>16</sup> ).
<b>Re-tendering of work, due to non-finalising the initial tenders increased the cost of works by Rs 8.03 crore.</b>	Bagheri ka Naka Project, Nathdwara RWSS of 55 villages from Bagheri ka Naka Project. (Cost overrun: Rs 8.03 crore)	The TS for work of RWSS of 55 villages from Bagheri ka Naka head works was accorded (March 2003) for Rs 18.84 crore (basic cost). Tenders invited (August 2003) were valid upto December 2003. Although pre-qualification bids were opened (October 2003) but financial bids were not opened within validity period. The bidders extended the validity period upto February 2004 with the condition of cost increase. The tenders were re-invited (April 2005) and the work was awarded (October 2005) to contractor 'F' for Rs 18.70 crore excluding cost of pipes (Rs 13.63 crore) supplied by the Department. During validity period of initial tender, the cost of work according to prevailing market rates (November 2003) was Rs 24.30 crore including cost of pipes (Rs 12.80 crore). Thus, due to non-finalisation of contract within validity period, the cost of the work increased by Rs 8.03 crore <sup>17</sup> .
<b>Cost of CI pipes increased due to delay in issue of revised TS.</b>	Rajsamand RWSS, Kaletra (Cost overrun: Rs 8.90 lakh)	Technical approval for RWSS Kaletra (Rajsamand) was accorded in February 2002. The CE (Rural) instructed (May 2003) to use cast iron (CI) pipes in place of AC pipes, but the revised TS could be issued only in September 2006. As such, CI pipes of higher rates were used (December 2006) on the scheme. This resulted in extra expenditure of Rs 8.90 lakh <sup>18</sup> .

15. Rs 45.40 lakh = Cost increase due to difference in rates of pipes used in the scheme.

16. Value of work done against Schedule-G: Rs 35.69 lakh, extra cost on laying = Rs 35.69 lakh x 35.10 *per cent* = Rs 12.53 lakh.

17. Rs 18.70 crore + Rs 13.63 crore - Rs 24.30 crore = Rs 8.03 crore.

18. Issue rate of 80mm dia CI pipe - As per estimate of February 2002 : Rs 392.45 per metre, As per pipes used : Rs 638.55 per metre. Difference Rs 246.10 x 3,617 metre pipes = Rs 8.90 lakh.

### 3.1.11 Inadmissible expenditure

#### 3.1.11.1 Excess charging on account of operation and maintenance

On account of O&M the ARWSP funds were charged irregularly/ excess by Rs 91.51 crore.

As per guidelines, upto 15 *per cent* of the funds released every year under ARWSP to the State can be utilised for operation and maintenance (O&M) of assets created, subject to ceiling of matching grant provided by the State out of MNP provision. It was observed that though MNP funds were charged at 10 *per cent* for O&M during 2002-07, the ARWSP funds were charged upto 15 *per cent* (Rs 261.38 crore) instead of at 10 *per cent* (Rs 179.56 crore) for O&M. This resulted in excess charging of Rs 81.82 crore on account of O&M of the ARWSP works (value: Rs 1,795.54 crore).

The works of revival of Traditional Water Sources (TWS) and of 33 Kilo Volt power feeder from Nathdwara to Bagheri ka Naka were executed respectively by *Zila Parishads* (2002-07) and *Ajmer Vidyut Vitran Nigam Limited*, Ajmer (July 2006). The PHED charged Rs 9.69 crore to ARWSP funds as O&M though it had not done maintenance and repair of these works.

#### 3.1.11.2 Expenditure on urban sector met from ARWSP funds

Expenditure of Rs 33.10 crore on Urban sector was met from ARWSP.

Test check of two schemes common for urban and rural sector showed that expenditure of Rs 33.10 crore pertaining to urban share was met from ARWSP funds as detailed below:

Name of Division	Name of the scheme	Particulars
Bisalpur-II, Ajmer	1500 mm pipeline from Sarwar to Nasirabad to cater the demand of 342 villages and urban sector of Ajmer District. (Irregular expenditure: Rs 29.46 crore <sup>19</sup> )	The PPC of Board sanctioned (July 2004) the work. As per revised administrative and financial sanction (April 2007) the share cost of urban and rural sector was Rs 79.13 crore and Rs 15.02 crore respectively. Expenditure of Rs 76.62 crore was incurred upto March 2007 of which Rs 40.06 crore was met from ARWSP against the share cost of Rs 15.02 crore by the division.
Bisalpur-III, Ajmer	Fluoride Control Project (FCP) for Bhinay Masuda Sector Phase-I and pipeline from Junia to Sarwar. (Irregular expenditure: Rs 3.64 crore)	To cater the demand of Bijay Nagar and Gulabpura towns and 236 villages, the PPC sanctioned (October 1999 and March 2002) the works. Share cost of rural and urban sector was wrongly fixed as Rs 40.90 crore and Rs 12.96 crore in place of Rs 39.56 crore and Rs 14.30 crore (73.45 and 26.55 <i>per cent</i> ) respectively due to inclusion of cost exclusively of urban portion in the common cost of the project. As of March 2007, expenditure of Rs 62.19 crore was incurred on the project of which Rs 49.32 crore charged to ARWSP against Rs 45.68 crore due.

19. (Rs 40.06 crore – Rs 15.02 crore) + Rs 4.42 crore being 17.65 *per cent* of O&M.

### 3.1.11.3 Departmental charges met from ARWSP funds

Departmental charges of Rs 3.12 crore were irregularly met from ARWSP funds.

The guidelines of ARWSP stipulate that centage/departmental charges should not be met from ARWSP funds. Bagheri ka Naka Dam was constructed (September 2005) by WRD for which departmental/ *pro rata* charges of Rs 2.46 crore was paid (March 2007) by PHED to WRD from ARWSP funds. Besides, PHED also charged Rs 0.43 crore for O&M on Rs 2.46 crore at 17.65 *per cent* to ARWSP. Similarly, the Ground Water Department and Rajasthan Jal Vikas Nigam Limited installed (2002-07) 371 hand pumps/tube wells. Rates paid for drilling of hand pumps/tube wells were inclusive of departmental charges (centage charges). Accordingly, Rs 20 lakh was paid by five divisions<sup>20</sup> for centage charges from ARWSP funds. Besides, PHED also charged Rs 3.51 lakh for O&M to ARWSP. Thus, Rs 3.12 crore on account of departmental charges was irregularly charged to ARWSP.

### 3.1.11.4 Payment for security deposit met from ARWSP funds

Rs 30.91 lakh was irregularly paid as security deposit.

According to the instructions (November 2000) of *Vidyut Vitran Nigam Limited* (VVNL) the State/Central Government departments were exempted from payment of security deposits for electricity connections. Rupees 30.91 lakh was irregularly paid (2002-07) by 11 test checked divisions<sup>21</sup> to VVNL as security deposits for electricity connections to water supply schemes taken up under ARWSP and charged to ARWSP funds.

### 3.1.11.5 Expenditure in excess of administrative and financial sanction

Rupees 11.31 crore was irregularly charged to ARWSP.

Guidelines stipulate that ARWSP funds cannot be utilised/adjusted against any cost escalation of schemes or excess expenditure over the approved cost of schemes in the previous year. In nine cases in eight divisions<sup>22</sup>, Rs 11.31 crore was incurred (2000-07) in excess of administrative and financial sanction of schemes, which was irregularly met from ARWSP funds.

### 3.1.11.6 Unauthorised expenditure

Rs 69.87 lakh was irregularly spent out of ARWSP funds.

The guidelines of ARWSP stipulate that a rural habitation not having any safe water source with permanently settled population of 100 persons and SC/ST habitations with less than 100 persons should be taken as the unit for coverage under ARWSP and DDP areas. In two test checked divisions<sup>23</sup> it was observed that Rs 69.87 lakh was irregularly spent (2002-07) out of ARWSP funds on installation of 152 hand pumps in habitations having population less than 100 (population ranged between 14 and 98) without SC/ST population. Thus,

---

20. City Barmer: Rs 3 lakh, District Division-I, Bikaner: Rs 2 lakh, Neem ka Thana: Rs 2 lakh, Sikar: Rs 1 lakh and Tonk: Rs 12 lakh.

21. Bagheri ka Naka-Nathdwara, Balotra, Banswara, Dausa, Neem ka Thana, Rajsamand, RIGEP, Barmer, Rural District-I, Bikaner, Rural District-II, Bikaner, Sikar and South Barmer.

22. Bisalpur-I, Kekri; Bisalpur-II, Ajmer; Bisalpur-III, Bhinay; Balotra; District-I, Bikaner; District-II, Bikaner; Rajsamand and Jhalawar.

23. Beawar (37 hand pumps: Rs 13.75 lakh) and Rajsamand (115 hand pumps: Rs 56.12 lakh).

expenditure incurred was in violation of the norms of ARWSP.

### 3.1.12 Water quality

#### 3.1.12.1 Quality affected villages not benefited

As of March 2001 there were 30,380 quality affected habitations which increased to 31,600 as of March 2007. This showed that special emphasis was not given for coverage of quality affected habitations.

More than 50 per cent villages in test checked districts<sup>24</sup> were quality affected. Government planned (July 1994) to set up Fluoride Control Project (FCP) for providing drinking water from Bisalpur dam to 669 fluoride affected villages and 23 en-route villages of Ajmer District within four years. The schemes were to be completed within two to three years from the date of sanctions. The PPC of the Board sanctioned (July 1994 to January 2005) eight schemes<sup>25</sup> costing Rs 437.10 crore covering 692 villages and two towns. As of March 2007, two schemes were completed including 153 villages already covered and 136 villages were covered through remaining ongoing six schemes. Thus, actually no new villages were covered in these two schemes. Delay in according sanctions and in execution of work resulted in deprival of intended benefit to the 403 fluoride affected villages for a decade.

Further, the PPC sanctioned (2002-03) the Barmer Lift Drinking Water Project costing Rs 424.91 crore covering Barmer and Jaisalmer Districts. This included coverage of quality affected 529 and 162 rural habitations of Barmer and Jaisalmer Districts respectively. The revised sanction of the project for Rs 688.65 crore was accorded by PPC in February 2007. The project was taken up in March 2007 after a lapse of four years from the date of original sanction and the State could incur only Rs 5.22 lakh upto March 2007. Poor financial and physical performance of the project showed lack of seriousness to cover the quality affected habitations of both the districts.

#### 3.1.12.2 Supply of unsafe water to public

**Unsafe potable water was being supplied to 49 habitations after incurring expenditure of Rs 4.79 crore.**

As per ARWSP guidelines the potable water (at least eight litre per capita per day) for drinking and cooking purposes is to be provided to all habitations. Test check of records of Balotra and Bikaner divisions showed that from five water supply schemes<sup>26</sup> unsafe water containing "Total Dissolved Solid" (TDS) between 1920 PPM and 4000 PPM as against permissible limit upto 1500 PPM was being supplied (April 2003) to 49 habitations of 31,844 population. Expenditure incurred on these schemes was Rs 4.79 crore.

24. Ajmer, Barmer and Rajsamand.

25. Bhinay-Masuda Phase-I: Rs 53.86 crore (October 1999), Bhinay-Masuda Phase-II: Rs 47.95 crore (July 2004), Bhinay-Masuda Phase-III: Rs 70.80 crore (December 2004), Kekri-Sarwar: Rs 44.35 crore (July 1994), Kekri-Sarwar extension: Rs 32.62 crore (July 2004), Kishangarh-Arai: Rs 114.96 crore (September 2004), Nasirabad Phase-I: Rs 61.03 crore (July 1999) and Nasirabad Phase-II: Rs 11.53 crore (January 2005).

26. RWSS Kagasar, Chattarsar, Gorabasar (Bikaner), RWSS, Sarupsar (Bikaner), Pipeline WSS, Mainsar (Bikaner), RWSS, Jasol (Balotra) and RWSS Bariya Chandesara (Balotra).

### 3.1.12.3 Water Quality Monitoring and Surveillance

**National Rural Drinking Water Quality Monitoring and Surveillance Programme was not implemented efficiently.**

For institutionalising the Water Quality Monitoring and Surveillance System, the National Rural Drinking Water Quality Monitoring and Surveillance Programme (NRDWQM&SP) was launched (February 2006). GOI was to provide complete assistance for implementation of the programme. GOI released (February 2006) Rs 72.43 lakh<sup>27</sup> for monitoring and surveillance activities, of which only Rs 1.99 lakh was spent on District Level Surveillance Coordinator and State Referral Institute as of March 2007. Field Testing Kits worth Rs 69.79 lakh were not procured (April 2007) after a lapse of more than one year from sanction. Thus, water quality monitoring mechanism was not evolved efficiently. Further, the GOI released (February 2006) Rs 2.02 crore for Human Resource Development (HRD) and Information, Education and Communication (IEC) activities. The PHED transferred (January-March 2007) the money to Communication and Capacity Development Unit (CCDU) after a lapse of 11 to 13 months. The utilisation of funds could not be verified as CCDU did not submit the audited accounts as of May 2007.

### 3.1.13 Material management

The procurement of material should be arranged well in advance of the Action Plan for execution of schemes to synchronise with the time frame for implementation. Following was observed:

**Pipes worth Rs 3.01 crore were procured without ascertaining immediate requirement.**

- PHED Division, Kishangarh procured and issued (December 2006 and January 2007) DI pipes worth Rs 3.01 crore to work of clusters Kishangarh (Rs 2.62 crore) and Kalyanipura (Rs 0.39 crore). The pipes were lying at work sites without any allotment (July 2007). This showed that pipes were purchased without ascertaining immediate requirement, which resulted in blocking of funds of Rs 3.01 crore.

**Procurement of pipes before development of sources led to blocking of funds of Rs 44.94 lakh.**

- The PPC of the Board accorded (September 2002) administrative approval for Rs 5.93 crore under ARWSP/ Accelerated Urban Water Supply Programme/MNP for re-organisation of Urban Water Supply Scheme, Bandikui, Baswa and 11 villages of Dausa District for covering urban and rural sectors with the condition that the source of water will be developed first and all other components taken up thereafter considering the quality and quantity of water of the source. Development of source included construction/digging of 27 wells<sup>28</sup>. An expenditure of Rs 6.83 crore including Rs 44.94 lakh on procurement (May 2003) of 6,830 metre AC pressure pipes was incurred on the scheme as of March 2007. It was observed that due to resistance by villagers the wells were not dug at Banganga River and procured pipes could not be utilised (March 2007). The Department also did not take action to utilise the pipes in other schemes. Thus, procurement of pipes before development of source led to blocking of funds of Rs 44.94 lakh for four years.

---

27. Field testing kits: Rs 69.79 lakh, Honorarium to District Level Surveillance Coordinator: Rs 1.44 lakh and Consultancy fee to State Referral Institute: Rs 1.20 lakh.

28. At Banganga river: 22 and at Sahwa river: five.

- Of the 60 Rig machines in the State, 15 machines did not achieve the targets (2002-07). The shortfall ranged from 22 to 57 *per cent* in boreholes and 13 to 41 *per cent* in meterage mainly for want of repair. As of March 2007, seven Rig machines were out of order since March 2003-October 2004. Forty three machines had become unserviceable during 1988-2004. The disposal of these machines was pending as of March 2007.

### 3.1.14 Sector reform

**Sector reform was not successful in the State.**

The GOI launched (1999-2000) the Sector Reform Project for institutionalising community based Rural Drinking Water Supply Programme. The basic concept of the reform project was to ensure community participation in the water supply schemes. Ten *per cent* of the capital cost of the scheme was to be paid by the beneficiaries. The GOI sanctioned (2000-02) Sector Reform Pilot Projects for four districts at a cost of Rs 141.71 crore<sup>29</sup>. Test check in Rajsamand and Sikar Districts showed the following:

- District Water and Sanitation Mission (DWSM) of Rajsamand and Sikar received (2000-02) Rs 23.14 crore from GOI. Of this, Rs 6.05 crore was transferred to the District Water and Sanitation Committees (DWSCs), Jaipur and Alwar. The committees spent Rs 12.49 crore on Sector Reform and Rs 4.60 crore was lying unutilised as of March 2007.
- DWSCs sanctioned and took up 199 Water Supply Schemes costing Rs 22.14 crore during 2002-04. In 34 schemes (Sikar District), public contribution of Rs 43.13 lakh was not received and in 27 schemes contribution of Rs 15.99 lakh against Rs 33.81 lakh was received. Thus, there was short receipt of beneficiary contribution to the extent of Rs 60.95 lakh. Of the 138 schemes for which contribution received, 78 schemes were completed.
- As of March 2007, 101 Schemes (Sikar: 80 and Rajsamand: 21) were lying incomplete for more than two years after spending Rs 5.67 crore. The DWSCs attributed this to delay in execution of the works by the Village Water and Sanitation Committees (VWSCs). Of the 98 completed schemes, 68 schemes were handed over to the VWSCs and 13 were closed due to non-taking/handing over the charge of schemes by *Sarpanch*, power disconnection, etc.
- The SE, Sikar circle stated (May 2007) that the schemes were not maintained properly by VWSC as they considered that the power charges to be high and nearby schemes being maintained by the State Government. The contention of SE was not tenable because the selection of schemes was determined on the basis of users preference and requirement combined with affordability and willingness to contribute towards implementation, (capital cost), and O&M.

29. Alwar: Rs 40 crore, Jaipur: Rs 40 crore, Rajsamand: Rs 40 crore and Sikar: Rs 21.71 crore.

### **3.1.15 Communication and Capacity Development Unit**

To promote the reform initiatives introduced in the Water Supply and Sanitation Sector, the GOI directed to set up (March 2005) Communication and Capacity Development Unit (CCDU) and released (March 2005) Rs 1.98 crore for its establishment and conducting IEC and HRD activities. It was observed that the Memorandum of Understanding (MoU) among State Water and Sanitation Mission (SWSM), Indian Institute of Health Management and Research (IIHMR), Jaipur and UNICEF, Rajasthan unit was executed (April 2006) for establishment of CCDU after a lapse of one year. The SWSM transferred (May 2005) only Rs 35 lakh to CCDU and balance was lying with SWSM (June 2007). The audited accounts were awaited from CCDU (May 2007). Thus, the programme was not efficiently implemented. The CCDU had to provide HRD/IEC input to all Sector Reform Projects in the State. Delayed/non-functioning of CCDU affected the success of these projects.

### **3.1.16 Monitoring**

Vigilance and Monitoring Committees at State, District and village levels were to be set up and regular meetings of the same were required to be held. However, no such committees were set up (March 2007).

The guidelines of ARWSP stipulate that the Monitoring and Investigation (M&I) units, headed by an officer suitably qualified and of suitable level with technical posts of hydrologists, geophysicist, computer specialists and data entry operator, were to be set up which were to work in coordination with Research and Development (R&D) Cell. It was observed that M&I units were working without hydrologists, geophysicist and computer specialists. The R&D Cell was also not established (March 2007).

#### **3.1.16.1 Management information system**

**Management Information System was not established properly.**

The guidelines of ARWSP provide establishing Information Technology (IT) based Management Information System (MIS). GOI was to provide complete assistance for all MIS activities including training. During 2003-07 against the availability of GOI assistance of Rs 4.30 crore under computerisation project for installation of computer system, training of officials, development and implementation of computerised MIS and connecting all offices and computers with communication network, the PHED incurred Rs 3.77 crore on computer hardware, software and on training through RajCOMP, National Informatics Centre (NIC) and National Informatics Centre Services Incorporated (NICSIS).

RajCOMP was paid Rs 58.03 lakh for installation of software (MS Office, XP standard and Professional) for 418 existing computers. However, no such software was installed (February-May 2007) in 43 computers of



13 test checked divisions<sup>30</sup> and two circles<sup>31</sup>. This resulted in excess payment of Rs 7.22 lakh on account of software and their installation. In all the test checked divisions the computers were being operated (February-March 2007) by private agencies. This showed that effective training was not imparted to staff. Twenty seven computers worth Rs 7.67 lakh were replaced in 14 divisions<sup>32</sup> that did not deal with rural water supply schemes. This indicated that implementation of the computerisation project through NIC and NICSII was incomplete (March 2007) as no training was organised and no networking was provided in any of the test checked divisions except in four<sup>33</sup>.

The deficiencies showed that IT based MIS was not established and operated properly despite incurring Rs 3.77 crore.

### **3.1.17 Evaluation**

ARWSP guidelines envisage that the State Government should take up monitoring and evaluation studies through reputed organisations/institutions on the implementation of the rural water supply programme. However, no such study was undertaken (2002-07) by the State Government.

Implementation of ARWSP in the State during 1997-2001 was reviewed and included in the Audit Report (Civil) for 2000-01 (Para 4.2). The Report discussed by the Public Accounts Committee during February 2003 and November 2006, the recommendations were awaited. However, some irregularities related to uncovered habitations, non-providing the safe drinking water to habitations, not giving emphasis on SC/ST habitations, improper implementations of sector reform and computerisation, slow spending of central assistance commented in the earlier Audit Report were persisting as already discussed in this Report.

### **3.1.18 Conclusion**

The annual action plans were not drawn adequately. Poor financial management led to diversion of funds, depriving the State of Central assistance of Rs 188.59 crore. Adequate drinking water was not provided to more than 65,000 habitations. Special emphasis was not given to cover water quality affected habitations (31,600). Schemes were not executed properly. There were delays in completion of fluoride control projects and coverage of rural schools in providing drinking water. There was cost overrun of Rs 8.70 crore due to delays in finalisation of tenders and issue of sanctions. Cases of avoidable/extra expenditure, blocking of funds and unfruitful expenditure of

30. Balotra; Banswara; Bisalpur-II, Ajmer; Bisalpur-III, Bhinay; City Barmer; District, Ajmer; District Rural-I, Bikaner; District Rural-II, Bikaner; Neem Ka Thana; North Barmer; Rajsamand; RIGEP, Barmer and South Barmer.

31. Barmer and Sikar.

32. City Production, Ajmer; City Revenue, Ajmer; City-II, Jodhpur; City Revenue and Drainage, Kota; City Sriganganagar; City Revenue and Drainage, Udaipur; P&D-I, Bikaner; P&D-II, Bikaner; P&D (North), Jaipur; P&D (South) Jaipur; Revenue, Bikaner; Revenue (North), Jaipur; Revenue (South), Jaipur and Revenue, Jodhpur.

33. Bisalpur-II, Ajmer; District Ajmer; Kekri and Kishangarh.

scheme funds were also noticed. The sector reform project was not implemented effectively. The Monitoring and Investigation units were working without the technical experts. Irregularities noticed in the implementation of ARWSP included in Report of the Comptroller and Auditor General of India for the year ending 31 March 2001 (Civil), Government of Rajasthan were found to be still persisting.

**3.1.19 Recommendations**

- Annual Action Plans should be drawn focusing on incomplete projects, priority for covering of habitations, water source sustainability.
- Government should improve financial management to avoid diversion of funds and depriving the State of Central assistance.
- Government should ensure the completion of the schemes in time to provide adequate drinking water to rural population.
- Government should give special emphasis to cover water quality affected habitations.
- To check the over extraction of ground water prompt action should be taken by the Government and action for sustainability of water sources should be taken to protect the production capacity of sources.
- Government should strengthen monitoring by appointing hydrologist, geophysicist and computer specialist and ensure following on recommendation of Public Accounts Committee.

The matter was reported to the Government in June 2007; reply has not been received (September 2007).

## HOME DEPARTMENT

### 3.2 Modernisation of Police Force

#### *Highlights*

*The Government of India launched the scheme of Modernisation of Police Forces in the States to enable the police to effectively face the emerging challenges to internal security. Construction of residential/ non-residential buildings was delayed. Despite purchase of additional vehicles, there was no significant increase in mobility as new vehicles were adjusted against condemned vehicles. Equipments procured for Forensic Science Laboratories were idle for want of installation and technical manpower.*

State Government did not contribute its matching share during 2002-07. Under-utilisation of funds by the State Government ranged between 24 and 40 per cent. State was deprived of Central grant of Rs 154.22 crore due to slow utilisation of funds.

*(Paragraph 3.2.7)*

Out of Rs 131.86 crore transferred to the Rajasthan State Road Development and Construction Corporation Limited for construction works, only Rs 99.25 crore (75 per cent) were utilised. Ninety nine buildings completed at a cost of Rs 10.18 crore were not taken over even after one to 41 months of their completion. Ninety one works were incomplete after incurring expenditure of Rs 12.48 crore.

*(Paragraphs 3.2.8 and 3.2.8.1)*

Forty three Forensic equipment worth Rs 8.52 crore remained unutilised for five to 49 months. Automated Finger Print Identification System procured at a cost of Rs 1.82 crore for modernisation of Finger Print Bureau was not functioning. Out of 680 Multi Access Radio Terminals, only 204 (30 per cent) were being used.

*(Paragraphs 3.2.11.1, 3.2.12 and 3.2.13.1)*

Information and Technology equipments worth Rs 72.15 lakh remained idle for 16 to 21 months in three training institutes. Three Simulators worth Rs 41.70 lakh were idle/out of order for 16 to 36 months for want of maintenance and non-availability of personnel.

*(Paragraph 3.2.14)*

**The Department has not fixed any standards for response time to be taken for reaching the crime site. No monthly monitoring was done by the State Level Empowered Committee.**

*(Paragraphs 3.2.9.2 and 3.2.16)*

### **3.2.1 Introduction**

The scheme of Modernisation of Police Forces (MPF) was introduced (1969) by Government of India (GOI) to improve the efficiency of State police force to meet the challenges of the fast changing internal security situation. The scheme was revised during 2000-01 and extended for a period of 10 years. Under the scheme, the State Government was to submit a five-year perspective plan starting from 2000-01 indicating the specific projects. The annual plans were to flow from five-year plan. The components covered under the scheme were housing and building; mobility; communication and computerisation; weaponry; training; traffic equipments/aids to investigation; Forensic Science Laboratories (FSL) and Finger Print Bureau (FPB) facilities; Night vision devices and necessary protective equipments and Home-guards.

### **3.2.2 Organisational set up**

Principal Secretary, Home Department is responsible for implementation of the scheme in the State. Director General of Police (DGP) is the Head of the Police establishment. Additional Director General of Police (Planning and Welfare) is in charge of implementing the modernisation programmes. There is a State Level Empowered Committee (SLEC) under the Chairmanship of the Chief Secretary with Principal Secretary, Home and DGP as members to monitor implementation of the scheme. The Annual Action Plan (AAP) formulated by DGP for requirement of funds is scrutinised by the SLEC before approval by the Ministry of Home Affairs (MHA), New Delhi. Construction work was entrusted to the Rajasthan State Road Development and Construction Corporation Limited (RSRDCC) and Public Works Department (PWD).

### **3.2.3 Audit objectives**

The audit objectives were to assess whether:

- the planning was adequate and comprehensive and the annual plans were in accordance with the perspective plan;
- the assessment of requirement of funds was done properly and the same were utilised for the intended purpose;
- an appropriate implementation strategy was there and was effective;
- the provision of accommodation, procurement and deployment of vehicles, weapons, forensic and training equipments was as per rules and approved AAP; and
- the scheme was monitored properly.

### 3.2.4 Audit criteria

The audit criteria adopted were:

- GOI guidelines on the scheme and instructions issued from time to time,
- Annual plans approved by the MHA, New Delhi,
- Response time with reference to actual time taken to reach the crime site,
- Minutes of meetings of the SLEC.

### 3.2.5 Scope and methodology of audit

The performance audit was conducted (April-May 2007) covering the period 2002-07 by test check of records of the Home Department, DGP office, FSLs<sup>34</sup>, FPB, Jaipur, Rajasthan Police Academy (RPA), Jaipur, Security Training School (STS), Jaipur, Rajasthan Police Training Centre (RPTC) and Police Training School (PTS), Jodhpur and Kherwara (Udaipur), Mewar Bhil Core (MBC), Kherwara, Director, Communication at Jaipur and four Superintendents of Police (SPs)<sup>35</sup> alongwith 33 Police Stations (PSs) in these districts. Audit examined the records of RSRDCC to assess the progress of construction works. An entry conference with the Principal Secretary, Home Department was held on 9 May 2007 wherein the audit objectives and criteria were explained. The audit findings were discussed in the exit conference held on 1 August 2007 with the Principal Secretary, Home Department. The review was finalised considering their views.

## Audit findings

### 3.2.6 Planning

The existing scheme of MPF was extended by the GOI for a period of 10 years starting from 2000-01 with enhanced Central assistance. According to the GOI guidelines, State Government was to prepare a five years perspective plan with effect from 2000-01 for submission to the GOI. The annual plans were to flow from the five-year perspective plan. It was seen that although no five-year perspective plan was submitted after 2004-05, the GOI continued to extend the assistance on the basis of AAPs. The following was observed:

**Government did not adhere to five-year plan while projecting requirement for buildings in the annual plans.**

- The five-year plan (2000-05) envisaged requirement of Rs 2,405.95 crore to meet shortage of residential, administrative and PS buildings. The State Government submitted the requirement of Rs 386.62 crore only for buildings under AAPs (2000-01 to 2006-07) and GOI approved Rs 381.93 crore. Further, an expenditure of Rs 76.59 crore<sup>36</sup> only was incurred up to March 2007 on completed buildings. Thus, Government failed to include proposals for construction of buildings in the AAPs as per the five-year perspective plan and utilise whatever the allotment made.

34. Jaipur, Jodhpur and Udaipur.

35. Alwar, Jaipur, Jodhpur and Udaipur.

36. Rs 76.59 crore = Rs 99.25 crore (Total expenditure) minus {Rs 10.18 crore (Works completed but not handed over) plus Rs 12.48 crore (Expenditure incurred on incomplete works)}.

**GSM interception system proposed in AAP was not purchased.**

- The AAP for 2003-04 included proposal for purchase of a GSM Interception System for border areas to intercept the mobile communication across the border. Government issued (August 2004) sanction of Rs 5 crore for it, but the sanction was subsequently cancelled (November 2004) on the ground that use of the system needed close supervision and delicate handling. This indicated lack of proper planning in preparation of proposals by the Department, which resulted in non-utilisation of funds and consequent delays in the implementation of the scheme.
- The funds released as per annual plans approved by the MHA were to be used for the items specified in the plan. The State Government however, accorded (August 2005) sanction of Rs 48 lakh and spent Rs 40.64 lakh<sup>37</sup> for items not considered by the MHA in the AAP. The DGP accepted the facts (July 2007).

### 3.2.7 Financial management

During 2000-03, Central and State Government funded the scheme in the ratio of 50:50. Half of the GOI share was in the form of grant-in-aid and half in the form of loan. The funding pattern was modified to 60:40 from November 2003 and again to 75:25 in September 2005 due to change of categorisation of Rajasthan on the basis of level of threat from insurgency/ militancy/cross border terrorism etc. During 2003-07 GOI assistance was in the form of grant. The details of AAP, funds released by the GOI and the expenditure incurred during 2002-07 were as under:

(Rupees in crore)

Year	Approved annual plan	Amount released by GOI		State share	Amount revalidated by GOI during the year	Total amount available for the year	Expenditure incurred during the year	Balance amount (7 – 8)	Percentage of balance amount to total amount available (9 to 7)
		Grant-in-aid	Loan						
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
2002-03	120.83	8.09	8.09	NIL	74.29 <sup>38</sup>	90.47	60.76	29.71 <sup>39</sup>	33
2003-04	119.80	43.02	NIL	NIL	39.76	82.78	49.39	33.39	40
2004-05	116.98	42.67	NIL	NIL	23.33	66.00	50.10	15.90	24
2005-06	121.33	46.41	NIL	NIL	15.90	62.31	37.96	24.35	39
2006-07	52.00	29.98	NIL	NIL	7.49 <sup>40</sup>	37.47	28.11 <sup>41</sup>	9.36	25
<b>Total</b>	<b>530.94</b>	<b>170.17</b>	<b>8.09</b>	NIL			<b>226.32</b>		

37. Creation of driving track at Police Motor Driving School, Bikaner: Rs 10 lakh; Preparation/ upgradation of grounds and other infrastructure like power/water etc. for seven training centres: Rs 1.12 lakh; Copy printers, Lamination and binding machines (one each for the training centres-8): Rs 19.56 lakh; and Procurement and installation of Mock Crime Scene for training to inspecting officers at RPA, Jaipur: Rs 9.96 lakh.

38. Closing balance of previous year 2001-02.

39. The GOI revalidated (December 2003) Rs 39.76 crore as against Rs 29.71 crore unutilised as of March 2003 for 2003-04. Similarly, against Rs 33.39 crore lying unspent as of March 2004, revalidation for Rs 23.33 crore was issued for 2004-05.

40. Rs 24.35 crore unspent balance of 2005-06 is due to Rs 46.41 crore intimated as released by GOI and adopted by Audit instead of Rs 29.55 crore intimated as received by the State Government from GOI. Hence, revalidation was for only Rs 7.49 crore in 2006-07.

41. This includes expenditure out of revalidated amount also.

The following significant points were observed:

**Under-utilisation of funds by State Government ranged from 24 to 40 per cent.**

**State was deprived of Central grant of Rs 154.22 crore due to slow utilisation of funds.**

- State Government did not contribute its matching share during 2002-07. The DGP stated (June 2007) that due to limited financial resources Government was not in a position to contribute its matching share.
- During 2002-07, State Government could not utilise 24 to 40 per cent of funds released by the GOI. DGP attributed (June 2007) this to large size of scheme and adherence of prescribed procedure for purchase of items. The reply was not tenable as the State Government was aware of the procedures to be followed and also knew that further allotment would be received only after funds already received from GOI were fully utilised.
- Out of the total outlay of Rs 530.94 crore, GOI share due was Rs 332.48 crore. Due to slow utilisation of funds, the GOI assistance was reduced to Rs 178.26 crore<sup>42</sup>, thus, depriving the State of Rs 154.22 crore (46 per cent). DGP stated (June 2007) that utilisation was slow as funds were released at the fag end of the years in 2000-01 and 2001-02. The reply was not tenable as State Government failed to utilise the revalidated amount of Rs 2.26 crore<sup>43</sup> sanctioned during 2000-02 even upto March 2006.
- As per GOI instructions (February 2001) modernisation funds should be used in the same financial year. However, funds<sup>44</sup> remained unutilised for periods ranging 12 to 75 months upto March 2007.

### **3.2.8 Housing and buildings**

According to the guidelines issued by GOI, high priority should be given to construction sector. According to AAPs, construction works of Rs 381.93 crore were approved by the GOI. The Police Department transferred (February 2002 to January 2007) Rs 131.86 crore<sup>45</sup> to the Personal Deposit (PD) account of the RSRDCC for construction of PSs and police outposts (610), residential buildings (123) and administrative buildings (332). Out of this, Rs 99.25 crore were utilised as of March 2007.

#### **3.2.8.1 Inordinate delay in construction of buildings**

Out of 1,065 works, 131 works costing Rs 57.12 crore and 934 works costing Rs 74.06 crore were allotted to RSRDCC and PWD respectively as

42. Grant-in-aid: Rs 170.17 crore and loan: Rs 8.09 crore.

43. 2000-01: Rs 1.50 crore and 2001-02: Rs 0.76 crore.

44. Rs 1.42 crore (2000-01), Rs 0.55 crore (2003-04), Rs 0.10 crore (2004-05), Rs 17.39 crore (2005-06) and Rs 6.77 crore (2006-07)

45. Includes Rs 0.80 crore in respect of Home guard

detailed below:

(Amount: Rupees in crore)

Type of buildings	Number of works allotted	Sanctioned amount	Works completed and handed over		Works completed but not handed over				Works remaining incomplete				Works not started		
			N	S	N	S	E	P	N	S	E	P	N	S	P
<b>A. RSRDCC</b>															
Police Stations/ outposts	43	7.74	35	6.26	4	0.76	0.76	NA	3	0.66	0.64	24	1	0.06	2
Residential	10	2.44	2	0.25	2	1.12	1.12	NA	6	1.07	0.27	12	-	-	-
Administrative	78	46.94	51	36.31	3	0.13	0.13	5-12	20	10.07	7.03	2-36	4	0.43	2-24
<b>Total 'A'</b>	<b>131</b>	<b>57.12</b>	<b>88</b>	<b>42.82</b>	<b>9</b>	<b>2.01</b>	<b>2.01</b>	-	<b>29</b>	<b>11.80</b>	<b>7.94</b>	-	<b>5</b>	<b>0.49</b>	-
<b>B. PWD</b>															
Police Stations/ outposts	567	35.12	312	19.30	46	3.79	3.25	1-41	26	2.77	1.51	12-60	183	9.26	2-24
Residential	113	16.60	68	10.32	21	3.20	2.73	1-19	21	2.81	1.28	12-24	3	0.27	12
Administrative	254	22.34	155	11.48	23	2.51	2.19	1-35	15	3.09	1.75	2-60	61	5.26	2-60
<b>Total 'B'</b>	<b>934</b>	<b>74.06</b>	<b>535</b>	<b>41.10</b>	<b>90</b>	<b>9.50</b>	<b>8.17</b>	-	<b>62</b>	<b>8.67</b>	<b>4.54</b>	-	<b>247</b>	<b>14.79</b>	-
<b>Grand Total</b>	<b>1065</b>	<b>131.18*</b>	<b>623</b>	<b>83.92</b>	<b>99</b>	<b>11.51</b>	<b>10.18</b>	-	<b>91</b>	<b>20.47</b>	<b>12.48</b>	-	<b>252</b>	<b>15.28</b>	-

N = number of works, S = sanctioned amount, E =expenditure and P =period of delay in months

NA = Not available

\* Sanctioned works of Rs 131.18 crore against Rs 131.06 crore transferred to RSRDCC for Police Department.

**Ninety one building construction works remained incomplete after spending Rs 12.48 crore.**

It could be seen from the above table that 99 buildings (RSRDCC: 9 and PWD: 90) completed at a cost of Rs 10.18 crore were not taken over by the Department (March 2007) even after one to 41 months of completion. Further, 91 works (RSRDCC: 29 and PWD: 62) on which expenditure of Rs 12.48 crore was incurred remained incomplete and 252 works (RSRDCC: 5 and PWD: 247) estimating Rs 15.28 crore were not started due to delay in finalising drawings, selection of sites, stay orders by the courts, etc.

### 3.2.8.2 Shortage of staff quarters

In the five-year perspective plan Government projected (April 2000) requirement of 54,587 staff quarters considering the existing 15,111 quarters (22 per cent) available for 69,698 police personnel. Information regarding net requirement of staff quarters as of 31 March 2007 was not furnished (July 2007) by the DGP. Position in four test checked districts as of March 2007 was as under:

S. No.	District	Total strength	Number of quarters required	Number of quarters available	Shortage of quarters
1.	Jodhpur (City)	1,961	1,279	450	829
2.	Jodhpur (Rural)	687	440	89	351
3.	Udaipur	2,264	1,449	742	707
4.	Alwar	1,954	1,291	443	848
5.	Jaipur (City)	3,856	2,400	907	1,493
6.	Jaipur (Rural)	1,500	997	326	671
	<b>Total</b>	<b>12,222</b>	<b>7,856</b>	<b>2,957</b>	<b>4,899</b>

**Shortage of quarters forced the staff to stay 50 km from duty station.**

There was net shortage of 4,899 quarters (62 per cent) in four test checked districts. As a result, the police staff had to stay at a distance from their working places. It was noticed that 14 staff members of Thanagazi PS (Alwar District) had to stay as far as 50 Kms from the PSs, which meant that they were not available for deployment in the event of emergency call.



Thus, inordinate delays in completion/taking over of buildings negated the plans approved for constructions under AAP.

### 3.2.9 Mobility

Out of Rs 45.90 crore allotted for purchase of new vehicles by the GOI during 2002-07, expenditure of Rs 43.35 crore was incurred.

#### 3.2.9.1 Shortage of vehicles

Taking into account the Bureau of Police Research and Development (BPR&D) study conducted in 1998, the position of assessment of vehicles required (April 2000), availability of vehicles, purchases during 2002-07 and shortage of vehicles in the Department as of March 2007 was as under:

Particulars	Number of vehicles				
	Heavy vehicles	Medium vehicles	Light vehicles	Motor cycles	Total
Available as on 1 April 2000	242	497	1,344	719	2,802
Shortage assessed	865	465	934	3,407	5,671
Net requirement	1,107	962	2,278	4,126	8,473
Purchases during 2000-07	4	87	1,089	1,998	3,178
Net vehicles available as on March 2007	236	460	1,617	2,456	4,769
Shortfall as on March 2007	871	502	661	1,670	3,704

The following were observed:

**New vehicles were used mainly to replace the unserviceable ones.**

- In April 2000, shortage of vehicles assessed was 5,671. Despite purchase of 3,178 vehicles during 2000-07, the net addition of vehicles<sup>46</sup> was 1967 (62 per cent) while 1211 vehicles (38 per cent) were declared unserviceable. The DGP stated (April 2007) that newly procured vehicles under MPF were used to replace the old unserviceable vehicles. The reply was not tenable as the perspective plans submitted were based on the requirement for additional vehicle and the plan did not envisage such replacement.
- Out of 861 vehicles (heavy vehicles: 3, medium vehicles: 27, light vehicles: 311 and Motor cycles: 520) supplied by the DGP to four test checked districts, 418 vehicles (49 per cent) were deployed by the SP offices for *bandobast*, highway security, etc. Fifty six vehicles (6 per cent) were retained for SP/Additional SP offices and only 387 vehicles (45 per cent) were supplied by the District SPs to the Police Stations.
- The PSs at Pratapgarh and Narayanpur in Alwar (Rural) District were functioning without light vehicles (Jeep/Gypsy), which were necessary for regular patrolling and for attending crime sites etc., since February 2005 and February 2007 respectively.

46. Available as on 1 April 2000: 2,802 + Purchases: 3,178 = 5,980 less available vehicles as on March 2007: 4,769 = 1,211. Net addition = 3,178 – 1,211 = 1,967.

**Department has not fixed any standards for response time to be taken for reaching the crime site.**

### **3.2.9.2 Response time**

In order to maintain law and order situation in the State, it is necessary to prescribe maximum response time for police to reach the crime site. It was noticed that the Department did not prescribe any such maximum limit. Out of 24 PSs test checked, only one PS (Sardarpura in Jodhpur District) fixed the response time for the police team to reach (15 minutes time for one kilometer; 20 minutes for two kilometers; 30 minutes for three kilometers and 10 minutes for each extra kilometer). The PSs were also required to record the response time in the crime registers. However, in 465 cases in 20 PSs police response time could not be worked out as the necessary information was not recorded in crime register by PS incharges. In 24 test checked PSs<sup>47</sup>, more response time was taken (30 minutes to 218 hours<sup>48</sup>) in 153 cases (out of 469 cases) of December 2006 compared to the norms fixed by Sardarpura PS. The situation was worse than that of December 2000 when the response time was 30 minutes to 197 hours<sup>49</sup> in 189 cases (out of 480 cases). The PS incharges admitted the facts and attributed the excessive time taken to non-availability of additional vehicles, heavy load of work, shortage of manpower etc. Thus, there was no reduction in police response time consequent upon addition of vehicles.

### **3.2.10 Weaponry**

Out of Rs 4.90 crore sanctioned by GOI during 2004-07, weapons worth Rs 3.12 crore were procured as of May 2007. The following irregularities were noticed:

#### **3.2.10.1 Delay in adoption of scale of weapons**

The BPR&D, New Delhi, finalised (January 2001) the scale of weapons for the State Police force. The BPR&D asked the DGP to compute the requirement of weapons phased out over next five to seven years. However, it took more than five years for the DGP to prescribe (September 2006) the scale of weapons. DGP stated (July 2007) that the scales were prescribed after indepth study was not tenable in view of actual time taken in adoption of scales by the State Government.

#### **3.2.10.2 Non- procurement/supply/utilisation of weapons**

There was net shortage of 9,540 weapons in the State including 810 AK-47 rifles, 2926 self-loaded rifles (SLRs) and 3841 revolvers (point 38) as of March 2007. Shortage of weapons would have adverse impact on the effectiveness of police. DGP stated (July 2007) that shortage of weapons

---

47. Alwar: PSs, Kotwali, Shivaji Park, Arawali Vihar, Mahila Thana, Khairthal, Malakhera, Kathumar, Thanagazi; Udaipur: PSs, Surajpole, Hathipole, Pratap Nagar, Goverdhan Vilas, Pahara, Bhupalpura, Mavli, Rishabhdev, Dabok; Jodhpur: PSs, Mahamandir, Sardarpura, Sadar Bazar, Khandafalsa, Mandore, Mathania and Jaipur: PS, Shipra Path.

48. 218 hours for covering 2 kilometers: PS, Pahara (Udaipur).

49. 197 hours for 28 kilometers: PS, Goverdhan vilas (Udaipur).

would be recouped in subsequent years as per availability of funds. The reply was not tenable because the scheme was in operation for last seven years and only 150 AK-47 rifles and 500 SLRs were procured. Other interesting points noticed are as under:

- DG supplied 328 modern weapons worth Rs 22.69 lakh to SPs<sup>50</sup> of three test checked districts that were stocked in the Police Lines and not issued to the PSs. DGP stated (July 2007) that issue of weapons by the District SPs to the PSs was on the basis of law and order situation. The reply was not consistent with the scale of weapons prescribed for each PS.
- Women PSs in Alwar and Jaipur city (East) were not provided any weapon since their establishment in January 2001 and January 2006 respectively.
- The GOI placed (March 2005, March 2006 and August 2006) three orders on Ordinance Factory Board (OFB), Kolkata for supply of various weapons at a cost of Rs 4.78 crore. The weapons valued Rs 1.78 crore of the supply order dated 30 August 2006 had not been supplied by OFB as of May 2007.

**Weapons worth Rs 1.78 crore were not received from Ordinance Factory.**

### **3.2.11 Forensic Science Laboratory (FSL)**

The FSL provides valuable aid to investigation through analysis of the forensic evidence. The MHA also suggested (April 2001) to the State Governments to strengthen the FSL.

#### **3.2.11.1 Purchase and utilisation of equipment**

During 2002-07, Rs 9.48 crore out of Rs 9.64 crore released by the GOI were spent on procurement of equipment and other material for State Forensic Science Laboratories (SFSL), Jaipur, Regional Forensic Science Laboratories (RFSL), Jodhpur and Udaipur. The following points were observed:

- Rupees 2.08 crore<sup>51</sup> released (2000-02) by GOI for purchase of equipment for modernisation of the FSLs could not be utilised (as of April 2007) even after lapse of 62 to 73 months. Additional Director, RFSL, Udaipur stated that purchase of Gas Chromatograph Head Space was unnecessary.
- Forty three forensic equipment worth Rs 8.52 crore procured during 2002-07 remained unutilised in SFSL Jaipur, RFSLs, Jodhpur and Udaipur for period ranging from five to 49 months (**Appendix-3.2**). Director, SFSL stated (June 2007) that the equipment could not be installed due to space constraint.

**Forensic equipment valued Rs 8.52 crore remained unutilised for five to 49 months.**

50. SP, Jaipur (City): 6 AK-47 rifles, 25 SLRs and 200 BS; SP, Jodhpur City: 10 SLRs and 10 BS; SP, Jodhpur Rural: 15 SLRs and 19 BS and SP, Udaipur: 15 AK-47 rifles, 8 SLRs and 20 BS.

51. (i) Gas Chromatograph- Head Space (RFSL, Udaipur- Rs 0.19 crore-73 months), (ii) X-Ray Fluorescence Spectrometer (SFSL, Jaipur-Rs 0.59 crore-62 months) and Electron Micro Scope (SFSL, Jaipur - Rs 1.30 crore - 62 months).

The reply was not tenable as this constraint could be foreseen before the procurement.

**Two diesel analysers costing Rs 24.18 lakh were lying idle at RFSLs, Jodhpur and Udaipur.**

• The Director, SFSL submitted (August 2004) the proposal for purchasing three diesel analysers against requirement of one diesel analyser for SFSL, Jaipur. The proposal was approved and three analysers worth Rs 36.28 lakh were received (July 2005) by the SFSL, Jaipur from GOI. The Director, SFSL, Jaipur issued two diesel analysers to RFSLs Jodhpur and Udaipur without any requirement from them and hence these were lying idle (March 2007). Thus, Rs 24.18 lakh spent on procurement of two diesel analysers remained blocked.

### **3.2.11.2 Pending cases**

**8,430 cases were pending for analysis as on March 2007.**

There were 8,430 cases pending for examination as on 31 March 2007 in the three FSLs. Of these, 6,154 cases<sup>52</sup> pertained to 2001-06. Additional Director, RFSL Jodhpur stated (May 2007) that 4,232 cases received in 2005 were being examined and reported in 2007 due to shortage of staff. The contention (May 2007) of the Additional Director, RFSL, Udaipur that no time limit was prescribed for disposal of a sample in FSL Rules was not correct as the pendency adversely affects the credibility of reports, delays prosecution of cases and quite often discharge/acquittal of accused in courts.

### **3.2.11.3 Transfer of technology for De-Oxy-Ribonucleic Acid (DNA) sample testing**

**DNA sample testing could not be started in the State.**

Director, SFSL, Jaipur remitted (March 2005) Rs 6 lakh to the Director, Centre for De-Oxy-Ribonucleic Acid Finger Printing and Diagnostics (CDFD), Hyderabad to meet expenditure for fine chemicals, kits, manpower, transfer of technology and training to the staff of FSLs in the State. According to the Memorandum of Understanding signed between the CDFD and SFSL, blood samples were to be collected from 300 individuals at random in the State and scientists of both the organisations were to prepare the DNA Finger Print reports. Only 26 such Reports were prepared during 29 November 2006 to 20 April 2007 against the target of 300 samples. Thus, in the absence of transfer of technology and training to staff, DNA sample testing could not be started at Jaipur.

### **3.2.11.4 Non/under-utilisation of buildings resulting in blocking of funds**

**Buildings for RFSL, Kota and DNA laboratory at Jaipur could not be used resulting in blocking of Rs 4.11 crore.**

The construction of buildings for RFSL, Kota and DNA Laboratory (Lab) at SFSL, Jaipur was completed (March 2007) at a cost of Rs 2.20 crore and Rs 1.35 crore respectively. SFSL also procured equipment worth Rs 0.56 crore<sup>53</sup>. The labs were not operational due to non-sanctioning of manpower. Thus, expenditure of Rs 4.11 crore was blocked. The Director, SFSL, Jaipur stated (June 2007) that manpower for both the labs has been sanctioned now.

---

52. 2001 (1), 2002 (99), 2003 (279), 2004 (303), 2005 (843) and 2006 (4,629).

53. (i) Two UV-Vis-Spectrophotometer (Rs 0.28 crore) for RFSL, Kota and (ii) one UV-Vis-Spectrophotometer (Rs 0.14 crore), one Power Generator (Rs 0.09 crore) and one Gel documentation System (Rs 0.05 crore) for DNA laboratory, SFSL, Jaipur.

The lab building constructed at a cost of Rs 2.20 crore at RFSL, Udaipur in July 2006 was under-utilised as all the five divisions occupied only 29 rooms/halls leaving 25 rooms/halls unoccupied costing Rs 1.01 crore.

### 3.2.12 Finger Print Bureau (FPB)

**Due to non-functioning of AFIS expenditure of Rs 1.82 crore incurred on modernisation of FPB was unfruitful.**

Government sanctioned (September 2006) Rs 2.25 crore for modernisation of FPB in the State. Of this, Rs 1.82 crore was incurred as of March 2007. The investigation of fingerprints was being done manually in the Department. The State Government conveyed (September 2006) administrative and financial sanction to the DGP for purchase of Automated Finger Print Identification System (AFIS). The proposed AFIS was to capture, store and match fingerprints automatically with precision and in short time and to provide timely and effective help in solving the cases. Cost of the AFIS (Rs 1.44 crore) included charges of installation, commissioning, clearance of backlog of one lakh old prints in 120 days (upto 22 May 2007) and annual maintenance charges. The AFIS supplied by the firm 'A' was installed at FPB and in 32 districts including seven range offices (March 2007). It was observed that AFIS was not installed and commissioned in three test checked District SP offices<sup>54</sup>. The certificate given (March 2007) by the Stores Inspection Committee about installation and commissioning of AFIS in these Districts was thus not correct. The SPs, Alwar and Jodhpur also confirmed (May and July 2007) that the AFIS was still lying packed. Possibilities of non-functioning of AFIS in other districts can not be ruled out.

Eight live scanner (cost: Rs 32.86 lakh) and seven laptops (cost: Rs 5.11 lakh) purchased (March 2007) and supplied to the Director, FPB, Jaipur were lying idle for want of trained manpower as of June 2007.

### 3.2.13 Communication

#### 3.2.13.1 Police Communication Network Project

MHA sanctioned Rs 4.41 crore during 2002-06 to the Director, Co-ordination (Police Wireless), New Delhi (DCPW) for integrated Police Communication Network (POLNET) to be completed through a New Delhi based firm by December 2004 (later extended up to March 2006). The aim was to provide connectivity between all the 680 PSs (as on 6 May 1997) in the State and District police Headquarters and any PS in India for voice communication through Multi Access Radio Terminal (MART). Scrutiny of records in four test checked District SP offices showed that the system was not being optimally used for the intended purpose as discussed below:

**Only 30 per cent of MART systems were being put to intended use.**

- Out of 680 MARTs, only 469 were established (June 2007) and 211 MARTs (cost: Rs 22.49 lakh) were lying idle in stores. Out of 469 MARTs established so far, only 329 were established in PSs while 140 MARTs (cost Rs 14.92 lakh) were provided to district police officers (102), police

54. Alwar, Jodhpur and Udaipur.

outposts/check posts/control rooms (28), zonal offices (10). 137 MARTs worth Rs 14.60 lakh were out of order, hence not providing intended service. Thus, out of total 680 MARTs, only 204 (30 per cent) costing Rs 21.75 lakh were used in PSs while 211 were lying idle in stores, 137 were out of order and 128 were irregularly used at places other than PSs. The Director, Police communication intimated (July 2007) that action was being taken to repair the out of order MARTs and that the DCPW had been asked to install MARTs lying in stores.

- The firm did not provide the required training for the POLNET to the operating staff at sites. This resulted in the instruments not being operated/maintained properly (July 2007).

Thus, the Police Department was deprived of the benefit of voice communication among PSs in India through POLNET system.

### 3.2.14 Training

Professionalism in the force largely depends upon the quality of training inputs, which, in turn have direct relationship with training infrastructure. The scheme provided for enhancement of equipment, furniture etc. for which Rs 3.85 crore were approved by the MHA during 2002-07. Expenditure of Rs 3.25 crore was incurred upto March 2007. Seven training institutes namely RPA, Jaipur, RPTC, Jodhpur and PTSs, Jodhpur, Kherwara, Kishangarh, Jhalawar and Police Motor Driving School, Bikaner were engaged in providing initial training, organising promotion cadre courses and other special courses, etc. Scrutiny of records in four institutes<sup>55</sup> disclosed idling of training equipment etc. as discussed below:

**IT equipment costing Rs 72.15 lakh remained idle for 16 to 21 months in three Training Institutes.**

- The DGP purchased Information & Technology (IT) equipment i.e. 70 computers, printers, UPS units, Multi Media projectors etc. from firm 'A' at a cost of Rs 72.15 lakh with warranty period of one to three years and supplied these to RPA, Jaipur (23), RPTC, Jodhpur (22) and PTS, Jodhpur (25) between March 2002 and May 2003 for imparting computer training. No training was imparted to the trainees in these institutes for 16 to 21<sup>56</sup> months in the absence of approved training programmes by the DGP.

**Three simulators costing Rs 41.70 lakh were idling/out of order for 16 to 36 months.**

- The DGP purchased (January 2003) four training simulators for Rs 55.60 lakh and issued (February 2003) these to four Institutes<sup>57</sup>. Three simulators (cost: Rs 41.70 lakh) remained idle/out of order in three Institutes<sup>58</sup> for 16 to 36 months due to transfer of master trainer and for want of annual maintenance contract. Thus, 3,136 trainees in these Institutes<sup>59</sup> were deprived of training through simulators, besides blocking of Rs 41.70 lakh.

---

55. RPA, Jaipur; RPTC, Jodhpur; PTS, Jodhpur and PTS, Kherwara.

56. RPA, Jaipur: 16 months, RPTC: Jodhpur-16 months and PTS: Jodhpur-21 months.

57. RPA, Jaipur, RPTC, Jodhpur, PTS, Jodhpur and PTS, Kherwara (Udaipur).

58. RPA, Jaipur: 16 months, RPTC, Jodhpur: 19 months and PTS, Kherwara: 36 months.

59. RPA, Jaipur (300), Jodhpur (761) and PTS, Kherwara (2,075).

- Three power generator sets purchased (March 2006) for Rs 12.30 lakh and issued by DGP (May and June 2006) to the Director, RPA, (2) and Commandant, STS, Jaipur (1) were not commissioned (May 2007) for want of electricity connection, construction of cemented platform etc. Thus, idling of generator sets resulted in blocking of Rs 12.30 lakh.
- The DGP issued (December 2002) orders for organising 45 days refresher course for all commando platoons every year at RPTC, Jodhpur. No such refresher training courses were conducted in the RPTC (May 2007).

In the absence of utilisation, procurement of valuable equipment for these institutes was not justified.

### **3.2.15 Computerisation**

#### **3.2.15.1 Computer Aided Dispatch system**

**The Computer Aided Dispatch systems were not functioning.**

According to AAPs for 2000-01 and 2001-02 approved by the GOI, three Computer Aided Dispatch (CAD) systems were to be purchased (cost: Rs 2.10 crore) and established in Jaipur, Jodhpur and Kota cities to monitor the movement of police and instruct them to reach a particular point of crime in the city. The State Government accorded (September 2006) administrative and financial sanction of Rs 1.50 crore for procurement of the systems. The DGP placed (January 2006) order to a private firm for the supply of three CAD systems. One system (cost: Rs 34.91 lakh) supplied (July 2006) to SP, Jodhpur was installed in March 2007. The system was not operational as of June 2007. The systems supplied to SPs (City), Jaipur and Kota were not installed and commissioned as of June 2007. Thus, the benefit of the CAD system could not be availed of by the Department.

#### **3.2.16 Monitoring and evaluation**

As per instructions (February 2001) of GOI, the SLEC constituted (July 2001) under the chairmanship of the Chief Secretary was to hold monthly meetings for proper monitoring and reviewing the physical and financial progress of the scheme and its periodical evaluation. During September 2001 to May 2006, SLEC met six times<sup>60</sup> only to finalise and submit AAP to the GOI. Thereafter no monthly monitoring was conducted by the SLEC. Government stated (July 2007) that it was not possible to hold monthly meeting of the SLEC for the Chief Secretary as he held the highest administrative post in the Government. Though the MPF scheme was in operation for the last seven years, no evaluation of the scheme was undertaken to assess the impact of the scheme.

60. 24 September 2001, 26 August 2002, 15 September 2003, 26 June 2004, 22 June 2005 and 11 May 2006

### **3.2.17 Conclusion**

The implementation of the scheme of MPF in the State was not satisfactory. The State Government did not contribute its matching share for the scheme. Important items e.g. construction works were not included in the Annual Action Plans. Sizable number of residential and administrative building construction works were either incomplete or were not started. There was no increase in mobility as vehicles purchased were mainly used to replace the old unserviceable vehicles. Undue delay in prescribing the scale of weapons required resulted in delay in procurement and deployment of modern weapons. The FSL procured costly equipments without planning for adequate manpower and infrastructure. Critical equipments like AFIS, POLNET and CAD were not installed/functioning and the police force was thus deprived of the benefits provided by the equipment. The valuable equipment procured for training institutes was not utilised. The implementation of the scheme was not monitored effectively.

### **3.2.18 Recommendations**

- Proper planning should be done taking into account the actual requirement under all the components.
- Immediate action should be initiated to take over the possession of the completed buildings and to start the construction works where these were not yet started. Monitoring of progress work should be done closely.
- State Government should provide funds for replacement of old vehicles instead of using the scheme funds. Maximum workable response time should be prescribed for the police team to reach the crime site.
- Norms regarding time to be taken in disposal of cases at FSL should be fixed.
- A review of installation, commissioning and utilisation of the equipment purchased should be done and action taken to overcome the deficiencies.
- Monitoring and evaluation mechanism should be made continuous and effective.

The matter was reported to Government in July 2007; their reply had not been received (September 2007).



## WATER RESOURCES, GROUND WATER AND AGRICULTURE DEPARTMENTS

### 3.3 Rajasthan Water Sector Restructuring Project

#### *Highlights*

*Rajasthan Water Sector Restructuring Project (RWSRP) was proposed (January 2001) by the Water Resources Department with the objectives to strengthen the capacity for planning, development and management of surface and ground water resources. The World Bank agreed to provide loan assistance of US\$ 14 crore (equivalent to Rs 645.16 crore). The project implementation progress (physical as well as financial) was very slow and tardy. There were cases of non-recovery of liquidated damages and advances, cost overrun, time overrun, unfruitful expenditure, undue benefit to contractors etc. Likely delay in receipt of the report of consultant for independent monitoring and evaluation would not serve any purpose.*

The progress during the years 2002-03, 2003-04 and 2006-07 was very slow. Out of project cost of Rs 830.41 crore, Rs 433.65 crore (52.22 per cent) only was utilised in five years against project period of six years.

(Paragraph 3.3.7)

Water charges were not revised since 1999, staff was not reduced to curtail the operational and maintenance cost and collection system of water charges has not been improved so as to achieve full cost of recovery of operation and maintenance.

(Paragraph 3.3.9)

Liquidated damages of Rs 4.38 crore imposed for five works were not recovered from a contractor due to arbitration. Besides, in nine works not completed within the stipulated period, liquidated damages were not levied.

(Paragraph 3.3.10.1)

Delayed acceptance of tenders for two works resulted in extra expenditure of Rs 2.49 crore towards price escalation. Excise duty exemption certificates issued contrary to the provisions of agreements resulted in undue financial benefit of Rs 4.76 crore to contractors.

(Paragraphs 3.3.10.2 and 3.3.11)

**Fifteen works were allotted to four contractors ignoring the qualifying criteria. Three works were not started, three delayed and four were left incomplete by them. Against the works left incomplete, an advance of Rs 88 lakh was not recovered from contractors.**

*(Paragraph 3.3.12.1)*

**The report of consultant for independent monitoring and evaluation, likely to be received in February 2008, would not serve any purpose as the project is due for completion in March 2008.**

*(Paragraph 3.3.17)*

### **3.3.1 Introduction**

The Water Resources Department (WRD) proposed (January 2001) 'Rajasthan Water Sector Restructuring Project (RWSRP)' to resolve the critical and alarming situation of water in Rajasthan. The Project was launched (March 2002) with World Bank (WB) loan assistance of Rs 645.16 crore out of project cost of Rs 830.41 crore for completion by March 2008. The main objectives of the RWSRP were to strengthen the capacity for strategic planning and sustainable development and management of surface and ground water resources, increase the productivity of irrigated agricultural land through improved surface irrigation systems and strengthen agricultural support services through greater participation of users and the private sector in service delivery.

### **3.3.2 Organisational set up**

RWSRP is a project for integrated development of water resources and their utilisation involving WRD, Agriculture and Ground Water Departments (GWD). The WRD was the nodal agency for implementation of the project. For the purpose of overall coordination, monitoring, evaluation and financial management, a Project Management Unit (PMU) was established (April 2002), headed by a Director of Chief Engineer's rank and assisted by a Superintending Engineer (SE).

### **3.3.3 Audit objectives**

Audit objectives were to assess whether:

- the planning was adequate,
- the financial management fulfills the sound accounting practices,
- the implementation of the project was made as per the approved plan,
- the implementation of Institutional Capacity Building, Participatory Rehabilitation works, Dam Safety works, Ground Water Management and Agriculture Support Service fulfills the objective of the project,

- due attention has been given to the economy and the efficiency in execution of works, and
- appropriate monitoring system was in place.

### 3.3.4 Audit criteria

The criteria adopted for the performance audit were:

- operating and procedure manuals (Project Implementation Plan, Project Appraisal Document, WB Credit Agreement and Project Agreement),
- policies, standards, directives and guidelines of the State Government and
- Financial and Accounting Rules and procedures.

### 3.3.5 Scope and methodology of audit

A performance audit of the Project was conducted (February-July 2007) by test check of records of the Chief Engineer (CE), PMU, Additional Chief Engineer (ACE) Udaipur, 10 Divisions<sup>61</sup> out of 40 Divisions of WRD, 11 offices out of 47 of Agriculture Department and seven offices out of 39 offices of GWD covering the period 2002-07. Selection of units was done on stratified random sampling method covering all the zonal areas and dividing the expenditure in three categories<sup>62</sup>. Out of 115 packages (Rs 359.12 crore) of canal rehabilitation works allotted to contractors in 84 irrigation schemes, 40 packages (Rs 149.66 crore), in 26 irrigation schemes (five major, nine medium and twelve minor) were test checked in nine divisions. In order to discuss the audit objectives, audit criteria and the important aspects of the project, a meeting was held (January 2007) with the Additional Secretary, WRD and the representatives of GWD and Agriculture Department.

## Audit findings

### 3.3.6 Planning

**Basis for selection of schemes not made available by Department.**

As per Project Implementation Plan (PIP) the selection of schemes under RWSRP was to be done on the basis of dependability of water supply; likely high level of community commitment and involvement; scheme with poor levels of service delivery performance; tribal and scheduled castes beneficiaries; etc. It was observed that WRD selected 91 schemes (eight major, 37 medium and 46 minor) situated in various agro-climate zones covering Culturable Command Area (CCA) of 6.19 lakh hectare (ha).

61. Bhilwara-I; Dholpur; Dungarpur; Karauli; RWSRP Division, Hanumangarh; Jaipur; Kota (dealing with training activities only); Jawai Canal Division, Sumerpur (Pali); Gang Canal (South), Sriganganagar and Tonk.

62. Upto Rs 5 crore, exceeding Rs 5 crore but upto Rs 10 crore and exceeding Rs 10 crore.

Information about selection of these schemes, as made available by the Department, did not mention as to how and upto what extent the selection of schemes fulfills the approved criteria.

The proposal (February 2001) of WRD for the project costing Rs 733.58 crore was not agreed to by the State Finance and Planning Departments. Later on, the revised project proposal submitted (September 2001) by WRD for Rs 562 crore was considered and approval was accorded (September 2001) by the State Chief Minister. The fact of reduction in the project cost was not brought to the notice of the WB during negotiations held in Washington (USA) (1-6 November 2001) among WB authorities, Government of India (GOI) and Government of Rajasthan in WRD. The project agreement was signed at its original cost (Rs 733.58 crore). The Finance Department, however, accorded (August 2005) concurrence to the project cost of Rs 733.58 crore. Thus, due to not approaching the reduced cost (Rs 562 crore) by the WRD authorities while having negotiations for agreement with the WB an additional debt liability of Rs 133.83 crore was created on the State exchequer, besides, payment of commitment charges (Rs 6.41 crore) made by GOI during 2004-07.

**Equipment valued Rs 44.32 lakh was purchased at the end of project period.**

- As per budget strengthening plan, equipment for RWSRP use were required to be procured by GWD during 2002-03 and 2003-04. For this purpose, scientific and other equipments<sup>63</sup> were purchased for Rs 44.32 lakh between January and March 2007. This purchase at the end of the project period would not serve the purpose of the project activities indicating the planning failure of GWD.

### **3.3.7 Financial management**

Loan assistance of US\$ 14 crore (converted to Rs 645.16 crore) on project costing US\$ 18.02 crore (converted to Rs 830.41 crore<sup>64</sup>) was approved (November 2001) by WB, which was to be transferred through Special Account to GOI to be repaid in 20 years. The GOI had to pay this to Government of Rajasthan (GOR) as Central assistance under Externally Aided Projects (30 per cent grant and 70 per cent loan) with interest ranging between 11.50 per cent and 9 per cent per annum. The project started in March 2002 was to be completed by March 2008. As against the proposed project cost of Rs 830.41 crore, the actual expenditure upto 2006-07 was Rs 433.65 crore as

---

63. Digital Copier, Multimedia Projector, Multifunctional Fax Machine, Basic Digital Copier, Handhold, Mapping system, Colour Photo Copier, Ammonia Printing Machine, Un-interrupted Power Supply (UPS), Desert Coolers, etc.

64. Including likely escalation during project implementation.

detailed below:

Component/Sub Component	Total cost as per PAD	Expenditure during					Total expenditure	Expenditure percentage of PAD cost
		2002-03	2003-04	2004-05	2005-06	2006-07		
<b>(A) Water Sector Institutional Restructuring and Capacity Building</b>	<b>145.16</b>	<b>0.58</b>	<b>4.86</b>	<b>4.15</b>	<b>3.16</b>	<b>1.16</b>	<b>17.27</b>	<b>11.90</b>
(i) Create SWRPD and Institutional Capacity Building	18.89	0.31	0.45	0.40	1.16	0.76	3.94	20.86
(ii) Modernise the MIS	37.79	0.00	0.04	0.01	0.01	0.01	0.10	0.26
(iii) Water Resources Research Activities	5.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Support IEC Programme	4.15	0.03	0.15	0.02	0.90	0.13	1.75	42.17
(v) Build Capacity for Sustainable Ground Water Management	67.74	0.24	4.21	3.72	1.09	0.26	11.47	16.93
(vi) Pilot Commercial Management of Irrigation System	6.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vii) Strength R&R Institutional Capacity	5.07	0.00	0.01	0.00	0.00	0.00	0.01	0.20
<b>(B) Improve Irrigation System Performance</b>	<b>680.64</b>	<b>2.36</b>	<b>50.62</b>	<b>112.79</b>	<b>138.82</b>	<b>78.12</b>	<b>413.38</b>	<b>60.73</b>
(i) Form and foster of WUAs	10.14	0.79	0.08	0.07	0.10	0.35	3.32	32.74
(ii) Participatory Rehabilitation of Irrigation systems (91 Schemes)	527.65	0.48	47.85	103.93	120.42	60.18	351.34	66.59
(iii) Strengthen Agriculture support Service	58.06	0.25	2.47	3.56	6.60	3.51	20.99	36.15
(iv) Dam Safety Remedial Works (16 dams)	84.79	0.84	0.22	5.23	11.70	14.08	37.73	44.50
<b>(C) Project Management</b>	<b>4.61</b>	<b>0.50</b>	<b>0.36</b>	<b>0.56</b>	<b>0.75</b>	<b>0.59</b>	<b>3.00</b>	<b>65.08</b>
<b>Total</b>	<b>830.41</b>	<b>3.44</b>	<b>55.84</b>	<b>117.50</b>	<b>142.73</b>	<b>79.87</b>	<b>433.65</b>	<b>52.22</b>

As intimated (March 2007) by PMU, the 'total expenditure' included *pro rata* charges. Year-wise and component-wise details of *pro rata* charges included in the 'total expenditure' were not made available though called for (August 2007) from PMU. The other points observed were as under:

**Only 52.22 per cent project cost was utilised in five years against project period of six years.**

- Even after lapse of five years, against the total project period of six years, only 52.22 per cent of Project Appraisal Documents (PAD) cost was utilised (March 2007). Against original budget allotment of Rs 100 crore in each year the expenditure during 2002-03 and 2003-04 was Rs 3.44 crore and Rs 55.84 crore respectively. Similarly, against original budget allotment of Rs 200 crore in 2006-07 the expenditure was Rs 79.87 crore. Slow spending in first two years was due to non-implementation of Management Information System (MIS), non-creating of State Water Resources Planning Department (SWRPD) and delay in tender processing of civil works relating to dam safety and rehabilitation of canals. In 2006-07, it was due to non-execution/delayed execution of canal rehabilitation works by the contractors and Water Users Associations (WUAs) and non-allotment of eight packages of dam safety works to contractors.

- Two rehabilitation works of Sanderao Distributary and Pawa Minor, and Jawai Main Canal and Jakhora Minor were allotted (February 2003) to contractor 'A' who sub-letted (January 2005) them further to two sub-contractors without obtaining prior permission of WB. An amount of Rs 59.51 lakh was paid (January 2005 to September 2005) to both the sub-contractors. As this would not be reimbursed by WB, this resulted in extra financial burden of Rs 59.51 lakh.
- Each implementing agency had to prepare and send their respective Project Financial Statements (PFS) to the PMU, who had to consolidate and send it to the WB. But all annual PFS were not sent to the WB as the same were incomplete (June 2007). The Chief Accounts Officer (CAO) stated (June 2007) that separate PFS was not required by the WB. Reply was not tenable because as per PAD provisions sub-component-wise and main category-wise summary of expenditure as well as balance sheet were required to be submitted.
- Disallowed/unclaimed arrear claims were being submitted in the subsequent fresh claims instead of claiming these in supplementary claims due to which a clear position of reimbursement claims could not be ascertained.

### **3.3.8 Physical performance**

Under RWSRP, 91 irrigation schemes for canal rehabilitation works were approved (cost: Rs 527.65 crore). Of these, three schemes (Rs 13.20 crore) were dropped in December 2005, three schemes (Rs 0.51 crore) were not started by WUAs and one scheme (Gadola: Rs 0.52 crore) was not having canal works of discharge capacity exceeding 10 cusecs. Out of remaining 84 schemes, 65 completed, 17 were in progress and two were left incomplete by the contractors. The analysis of execution of these schemes are given in succeeding paragraphs.

- As per PAD, separate SWRPD was to be established by 30 June 2002 for carrying out the optimal, sustainable and equitable planning, development and use of water resources of the state on a multi-sectoral basis. As per WB requirement, the SWRPD created (March 2005) with 60 posts was working under ACE as a wing but the post of Secretary was not created to provide the required leadership and to enable it to function as an independent service delivery Departments in the water sector *i.e.* Water Resources, Public Health Engineering, Ground Water Departments etc.
- Two sub-components *i.e.* 'Water Resources Research Activities' and 'Pilot Commercial Management of Irrigation System' were not taken up by the PMU till March 2007. This resulted in non-development of a culture of achieving results on fields by way of new research, innovation, demonstration, etc., besides, commercial spirit of water management among the farmers.

- Of required 597 Farmers Organisation (FOs), only 580 (500 WUAs, 78 DCs<sup>65</sup> and two PCs<sup>66</sup>) were formed leaving five DCs and 12 PCs unformed till March 2007.
- Out of rehabilitation works of canals (cost: Rs 527.65 crore) of 91 schemes taken up under RWSRP, four schemes<sup>67</sup> (cost: Rs 1.03 crore) having works of canals with discharge below 10 cusecs (except Gadola) were not started (March 2007) by WUAs and three schemes<sup>68</sup> (cost: Rs 13.20 crore) were dropped (December 2005).
- Out of 115 packages (84 schemes) of works of canals exceeding 10 cusecs, 71 packages were completed, 39 were in progress and five were left incomplete by the contractors, which were not re-allotted till March 2007.
- Out of 449 rehabilitation works of canals below 10 cusecs discharge, 398 were started through WUAs. Of 398 works, 176 were completed and 222 were in progress as of March 2007.
- Out of 16 distressed dams (cost: Rs 84.79 crore) proposed for dam safety, two dams<sup>69</sup> (cost: Rs 78 lakh) were not finalised by the Dam Safety Review Panel (DSRP) and six dams<sup>70</sup> (cost: Rs 8.60 crore) were dropped. Of the remaining eight dams having 14 packages, eight packages<sup>71</sup> were allotted during October 2003 to March 2007 and Rs 37.73 crore was spent. Six packages<sup>72</sup> were not allotted as of March 2007.

### 3.3.9 Project implementation

#### 3.3.9.1 Key performance indicators

The project envisaged reduction in overall cost structure of WRD primarily through staff reduction, improvements in efficiency and productivity and adjustment of water charges to achieve full cost recovery of Operation and Maintenance (O&M). These measures were to be contributed to phase out of fiscal subsidies for O&M by fifth year of the project. The following points were emerged in audit:

**Water charges not revised after 1999.**

- GOR committed (September 2001) to revise the rates of water charges for irrigation not later than April 2004 and April 2007 to ensure that the total annual revenue from such revised charges would meet 50 *per cent* and 100 *per cent* of O&M cost respectively. GOR was required to increase water charges from Rs 191 per ha in 1999-2000 to Rs 550 per ha (without adjustment of inflation) by 2005-06. But no such revision was made after 1999.

65. Distributary Committee.

66. Project Committee.

67. Banina, Gadola, Gangaria and Nagmala.

68. Mansagar (minor), Sardarsamand (major) and Som Kagdar (medium).

69. Abhayapura and Bhimlat in Bundi District

70. Mashi, Bhimsagar, Hemawas, Angore, Ora and Jetpura.

71. Gambhiri Dam-2, Alnia Dam-2, Parbati Dam-1, Juggar Dam-1, Nandsamand Dam-1 and Morel Dam-1.

72. Parbati Dam-1, Morel Dam-2, Orai Dam-1 and Gudha Dam-2.

**No attempt made to reduce the number of staff in order to bring down O&M cost.**

- The project envisaged to down size the number of staff gradually in a period of five years to bring down the O&M cost so that it could be met out from water charges of Rs 550 per ha. WRD did not prepare any guidelines, including technical and staff norms for estimating annual optimum O&M requirement in irrigation schemes/sector, though agreed with WB to complete by 31 May 2006.

**Realisation of water charges was affected adversely due to change in collection system.**

- Water charges collection efficiency in Rajasthan over six years during 1994-2000 was 83 *per cent* of the demand of Rs 114.26 crore. The activities of assessment and collection of water charges alongwith 1,315 *Patwaris* were transferred (September 2001) to the Revenue Department. This severely disturbed the collection system and the collection sharply declined to 18 *per cent* of demand of Rs 21.81 crore during 2001-02. The collection increased to 58 *per cent* of demand of Rs 18.76 crore in 2003-04 as the Revenue Department transferred back (4 September 2004) 658 *Patwaris* to WRD. Transfer of associated irrigation revenue record was also slow, which affected the revenue realisation adversely.

**Lack of coordination between the departmental authorities and the FOs.**

- The responsibility of maintenance of canal was to be handed over to FOs. However, the mechanism of recovery of irrigation water charges by FOs and its sharing with the FOs for carrying out maintenance was not decided by the State Government as of March 2007.

These indicators were critical for ensuring the improved irrigation service delivery to the users on sustainable basis and for deriving intended benefits from the project investment and for achieving the project objectives.

### **3.3.10 Canal rehabilitation works executed through contractors**

Rehabilitation works of canals exceeding 10 cusecs were executed through contractors. Scrutiny of records revealed the following.

#### **3.3.10.1 Non-recovery of liquidated damages**

**Liquidated damages of Rs 4.38 crore not recovered from contractor.**

Out of 40 packages test checked, 14 packages remained incomplete, in which (a) liquidated damages (LD) of Rs 4.38 crore imposed by WRD in five works<sup>73</sup> remained unrecovered (March 2007) from contractor 'A' due to arbitration, (b) in three works<sup>74</sup>, span-wise time extension was not decided and (c) in six works<sup>75</sup>, LD required to be recovered for delay in completion of the work was not levied, though stipulated dates of completion had lapsed (March 2007).

---

73. J-1: Rs 1.52 crore, J-2: Rs 0.47 crore, J-3: Rs 1.25 crore, J-4: Rs 0.59 crore, and J-5: Rs 0.55 crore.

74. Ummed Sagar, Gajpur (GAD-1) and Buchara.

75. Ghorion Ka Naka, Lodisar (L-1), Lodisar (L-2), Margia (MG-2), Bilpan and Vatrak of Water Resources Division, Dungarpur.



### 3.3.10.2 Time/cost overrun

**Delay in acceptance of tenders resulted in avoidable extra expenditure of Rs 2.49 crore towards price escalation.**

As per Instructions to Bidders (ITB), the bid was to be accepted and conveyed to the bidder concerned within 90 days (validity period of bids) from the date of opening of tenders and thereafter 28 days were prescribed for furnishing the performance security and signing of the agreement. The agreement (clause-47) provides for neutralisation of price hike according to the formula given in the 'Contract Data' of the agreement on quarterly basis. WRD had instructed (May 2000) that after opening the tenders, the tender opening authority should not return the case to lower authority for their evaluation and to prepare comparative statement. Contrary to this, time was consumed in obtaining information or clarification from Divisional Officers. Thus, against prescribed period of 118 days (90 + 28 days) for acceptance of tenders and order to commence the work, there was abnormal delay of nine and 20 months in two tenders<sup>76</sup>. This resulted in extra expenditure of Rs 2.49 crore towards payment of price escalation to contractor 'F' for delayed period from January 2004 to September 2006.

In case extension of time involves price escalation, approval of Administrative Department (upto Minister in-charge) was necessary under delegation of powers. In rehabilitation work of main canal, branches and minors of Kharad Irrigation Scheme, time extension involving price escalation of Rs 9.02 lakh for the period from September 2005 to January 2006 was granted irregularly by the ACE, Jaipur without his competency. In another case of Jhadol, time extension was to be granted after obtaining No Objection Certificate (NOC) from WB. Extension upto 30 November 2005 was irregularly accorded (September 2006) by the SE, Bhilwara without obtaining NOC.

NOC from the WB was mandatory for reimbursement of expenditure on the work. The WB instructed (September 2006) that NOC would not be accorded after the scheduled date of completion for respective packages or the expiry of period once extended. It was observed that Rs 85.25 lakh was paid between July 2005 and February 2007 to contractors on six works<sup>77</sup> after the period once extended by the WB and the reimbursement of this amount was doubtful.

### 3.3.10.3 Unfruitful expenditure

**Rs 2.51 crore spent on canal rehabilitation of Kharad Irrigation Scheme did not increase irrigation potential.**

The water stored in the Kharad dam during 1990 to 2000 ranged between 24.14 million cubic feet (mcft) and 275.32 mcft against designed storage capacity of 325 mcft and maximum irrigation was provided only in 1,800 ha area against designed 2,404 ha. Before proposing the rehabilitation of its canal, branches and minors, the deficiencies in the dam/catchment area were required to be removed, after investigating the reasons of non-availability of water in the dam upto its designed storage capacity. It was observed that

76. Lilanwali Distributary of Bhakra Canal System (BK-4) and Morjanda Distributary and Minors of Bhakra Canal System (BK-12).

77. Main Canal of Jhadol, Right Main Canal (RMC) of Margia (MG-1), RMC of Lodisar, Dewara minor of Lodisar (L-2) and Left Main Canal (LMC) of Gajpur (GAD-1) after 30 June 2005 and Main canal and minors of Ghorion Ka Naka after 6 November 2005.

rehabilitation work of canal and its distribution system was proposed (February 2001), by WRD under RWSRP to increase irrigation command area upto 2,800 ha without analysing deficiencies in the dam/catchment area. After completion of the work at a cost of Rs 2.51 crore, the irrigation was provided in 580.88 ha, 1,041.30 ha and 1,600 ha during 2001, 2003 and 2005 respectively against 2,800 ha proposed and no irrigation was provided during 2002, 2004 and 2006. Thus, due to non-availability of water in the dam and canal to irrigate even the originally designed area (2,404 ha), expenditure of Rs 2.51 crore incurred on rehabilitation of canal was rendered largely unfruitful.

### **3.3.11 Undue benefit to contractors through issue of excise exemption certificates**

**Excise exemption certificates issued in contravention of the conditions of agreements resulted in undue financial benefit to the contractors and thereby increasing the cost of the project.**

As per bid document, the excise duty exemption benefit under Central Excise notification (August 1995) was admissible for RWSRP works exceeding Rs 46 lakh only, provided the bidders quoted their rates after taking into account such benefits. For fulfillment of this condition the bidders were required to give all desired information for issue of certificates as per declaration form of duty exemption attached with the tender documents. It was observed that 169 duty exemption certificates were issued by PMU without adopting uniformity, clarity and accountability as discussed below:

- The details of construction material/equipment procured by the contractors could not be ascertained as the PMU did not endorse copies of exemption certificates to the concerned officers of WRD. Government reply did not mention the reasons for non-endorsement (September 2007).
- Similar references of exemption certificates were issued twice to the contractors for different works *i.e.* number 46 on 22 October 2003 and also on 6 January 2006, number 80 and 81 on 24 February 2004 and also on 20 March 2004 and number 82 on 24 February 2004 and also on 16 April 2004. Moreover, validity of exemption of excise duty in three certificates<sup>78</sup> was irregularly indicated beyond the stipulated dates of completion of work.
- Contrary to the provision of ITB clause 13.3 prohibiting subsequent changes in certificate issued initially, three certificates with additional quantity were issued by the PMU for the work of Additional Gated Spillway of Nandsamand and two certificates each for six works<sup>79</sup>. Further, two certificates of similar number (CERT/88 dated 24 July 2004) were issued to one contractor for same quantity of cement (1,21,679 bags) to be procured from two different cement factories. As per para 1.5 of bid documents, the bidders had to fill the information of equipment required to be procured. Exemption certificates for 106 equipments (out of total 210) were issued to a

---

78. CERT/20 dated 30 June 2003, CERT/58 dated 18 November 2003 and CERT/80 dated 24 February 2004.

79. Ummed Sagar main canal (Bhilwara-I), LMC Gambhiri, RMC Gambhiri (Chittorgarh-I), Morel main canal, Morasagar main canal (Sawaimadhopur) and Canal of West Banas Irrigation Project (Sirohi)

single contractor 'A' for six works of Jawai Canal and Bankli scheme, who did not fill the details of equipment in bid documents. Information of actual procurement was neither available in test checked divisional offices nor in PMU.

- Three exemption certificates were issued (April 2003 and May 2005) irregularly (two to the contractor 'D' for three Mahindra tractors on work of Sirohi and Tata Hitachi Hydraulic Excavator on work of Pali and one for concrete paver to contractor 'A' for work of Sumerpur) to contractors though they did not fill the duty exemption declaration of bid document. Exemption amounting to Rs 9 lakh was availed of by them. Besides, the contractor 'D' availing duty exemption on Tata Hitachi Machine from Pali also obtained the equipment advance (Rs 15.50 lakh) as contractor 'E' from Sumerpur on the false sale letter of contractor 'D' for another work.

- In agreements for works costing less than Rs 46 lakh, there was no provision for exemption under ITB clause 13.3 and in agreements above Rs 46 lakh, only blank declaration forms of duty exemption were signed by the contractors. Therefore, in such cases duty exemptions were not admissible to the contractors. Of 100 excise duty exemption certificates for Rs 14.34 crore issued (April 2003-April 2006) by PMU for 71,68,104 cement bags, 61 certificates for 48,06,494 cement bags were irregularly issued to contractors. Against these, as per information gathered from five offices of Superintendent, Central Excise Department<sup>80</sup>, 22,56,038 cement bags were procured (upto April 2007) by availing inadmissible excise duty exemption of Rs 4.51 crore by the contractors. The Government intimated (September 2007) that detailed reply would be sent on receipt of recommendation of the committee formulated (August 2007) by GOR.

Thus, undue financial benefit was given to the contractors, which increased the project cost also.

### **3.3.12 Irregularities in tenders**

#### **3.3.12.1 Acceptance of tenders ignoring qualifying criteria**

ITB clause 4.5 and 4.7 prescribe the qualification of contractors viz. minimum annual turnover, completion of similar nature of work, minimum quantities of work executed in a year and possessing of minimum machinery/equipment to be considered for acceptance of bids. Accordingly, only the substantially responsive bids of the bidders fulfilling all the qualification criteria were to be considered for acceptance by the tender accepting authorities. It was, however, observed that tenders in respect of four contractors were accepted (February-August 2003) ignoring the qualifying criteria as detailed in **Appendix-3.3**. Allotment of works to contractors not fulfilling the prescribed minimum criteria was not justified. Out of 15 works allotted to the contractors, three works were not started, three works (costing Rs 3.94 crore) were delayed and four works were left at incomplete stage (March 2006).

---

80. Abu Road; Beawar; Range-I, Chittorgarh; Range-II, Chittorgarh and Range-III, Kota.

Advance of Rs 88 lakh was not recovered though contractor left the works incomplete.

Contractor 'A' was paid (2002-03) advance of Rs 2.09 crore for the six works<sup>81</sup>. However, he left (March 2006) the works incomplete. Advance of Rs 88 lakh remained unrecovered as of March 2007. Further, there was heavy seepage due to not doing lining work in place of old lining dismantled by the contractor in km 4.500 to km 5.500, km 8.955 to km 9.270 and km 10.686 to km 11.350 of Jawai main canal. This resulted in loss of irrigation water. Government stated (September 2007) that advance of Rs 88 lakh would be recovered after decision of the arbitration.



*Dismantled old lining of Jawai main canal, Sumerpur*

### 3.3.12.2 Overpayment due to acceptance of different rates for similar works

The nomenclature for the item of work of cast in situ plain cement concrete of M 13.5 grade for side slope using slip gantry was one and same in two items<sup>82</sup> of the bill of quantities for rehabilitation of Ram Sagar main canal. The contractor quoted Rs 230 per sqm. for one item and Rs 180 per sqm. for another item of the same nomenclature of work. No reasons were given for accepting different rates for the items while accepting (April 2003) tenders by the ACE, Zone Jaipur. This resulted in overpayment of Rs 14.99 lakh to the contractor as detailed below:

<b>(Rupees in lakh)</b>	
At Rs 50 (Rs 230 - Rs 180) per sqm on 40,701.01 sqm quantity of item 14(b) after deduction of 35 per cent rebate given by the contractor.	13.23
Price escalation paid on Rs 13.23 lakh at the proportionate of price escalation Rs 39.04 lakh paid for work of Rs 2.92 crore.	1.76
<b>Total</b>	<b>14.99</b>

Government stated (September 2007) that Rs 4.17 lakh (Rs 3.91 lakh + Rs 0.26 lakh) had been recovered.

81. Jawai main canal and Jakhora minor (Rs 1 crore); Bithiya distributary and minor (Rs 40.26 lakh); Sanderao distributary and minor (Rs 24.51 lakh); Takhatgarh distributary (Rs 14.85 lakh); Gogra distributary and minor (Rs 11.66 lakh) and Bankli Main Canal (Rs 18 lakh).

82. 14 (b) and 15 (a).

### 3.3.13 Canal rehabilitation works executed through WUAs

Of 138 Rehabilitation works (out of total 398 works) of canals below 10 cusecs started through WUAs in nine test checked divisions, only 57 (41 *per cent*) works were completed. As per irregular orders (June 2005) of Director (Technical), PMU the individual works in 13 cases<sup>83</sup> (value: Rs 2.56 crore) above Rs 13 lakh were splitted keeping their cost below Rs 13 lakh. The works were splitted to avoid the National Competitive Bidding procedure and competent sanction. Government intimated (September 2007) that the works of canals below 10 cusecs and costing upto Rs 13 lakh only were carried out through WUA. Reply was not tenable because the works were splitted to keep the cost upto Rs 13 lakh.

### 3.3.14 Dam safety works

For drinking purpose, the State Government accorded (November 2001) administrative sanction of Rs 1.60 crore for raising one metre height of Juggar dam. The raising cost was to be borne by Public Health Engineering Department (PHED). But, PHED did not deposit the amount. Therefore, raising was proposed (February 2001) under RWSRP and expenditure of Rs 89.76 lakh was incurred. Charging the expenditure of Rs 89.76 lakh incurred for drinking water purposes, to dam safety of RWSRP (March 2007) was, thus, irregular as no provision for drinking water existed in RWSRP.

**Third time rejection of tenders of rehabilitation of Orai dam resulted in non-achievement of irrigation targets.**

Further, tenders for the work rehabilitation of Orai dam by increasing the width etc., were invited once in July 2005 and again in April 2006. The tenders were rejected in November 2005 and July 2006 by the CE and Empowered Committee respectively on the ground that the rates were on higher side. Third time, the tenders were invited in November 2006 and were received on February 2007. The lowest offer of Rs 16.91 crore with price escalation clause was recommended (24 February 2007) by ACE, Udaipur on which no decision was taken by the Department as of March 2007. Consequently, the work was excluded from the scope of the dam safety component of RWSRP and excessive seepage in earthen dam and non-overflow portion and erosion in overflow portion of the dam could not be controlled. Due to non-rehabilitation of the dam, despite spending of Rs 7.89 crore on rehabilitation of the canals of the dam (Rs 6.94 crore) and formation of WUA (Rs 95 lakh) the targets of irrigation in 9,260 ha would not be achieved.

### 3.3.15 Ground Water Management

For creating the database of water level and monitoring of quality and impacts of recharge structures, provision of Rs 7.60 crore for construction of 760 piezometers (State:700, three pilot areas: 60) was made in PIP. Against this, 803 piezometers (State: 737, pilot areas: 66) were constructed during 2002-03 to 2006-07 at a cost of Rs 8.10 crore. It was observed that

83. Dhanawali, Lodpura, Tehri, Rajpur, Jarga, Tasima, Koliwara, Sanderao Minor, Ora Minor no. 1, 2, 4, 6 and LMC of Bhadar.

35 piezometers costing Rs 34.31 lakh were out of order. Further, in Jodhpur Circle, contrary to the instructions (January 2004) of the CE, GWD, Mild Steel 200 mm dia casing pipes were used instead of 125 mm dia pipes, in 38 piezometers<sup>84</sup>, resulting in avoidable expenditure of Rs 25.13 lakh.

Further, as per instructions issued (March 2003 and March 2005) by the CE, GWD, the Drawing and Disbursing Officers of GWD in Udaipur, Rajsamand, Jodhpur, Bikaner and Jaipur transferred the unutilised funds for piezometers<sup>85</sup> amounting to Rs 50.54 lakh (Rs 22 lakh in 2002-03 and Rs 28.54 lakh in 2004-05) in the departmental revenue by debiting RWSRP. Later on, the amount deposited in revenue was adjusted<sup>86</sup> against expenditure in subsequent financial years through transfer entries. Creation of false departmental revenue through RWSRP funds and incurring the amount in subsequent years by adjusting the amount from revenue head without consent of Finance Department was irregular.

### **3.3.16 Agriculture Support Services**

An important aspect of the "On-Farm Seed Production" sub-component through participation of seeds companies and FOs was to train the farmers in seed production technologies in such a way that farmers would become seed producer themselves. After incurring expenditure of Rs 1.03 crore<sup>87</sup> on seed distribution and demonstrations during 2003-07, the objective of making the farmers seed producer themselves was not fulfilled as after providing certified seed, proper follow-up action of the crop was not taken.

Four studies were conducted by the Agriculture Department in 2003-04 and 2004-05 through Principal Investigators (PIs) on Mansagar (minor) and Som Kagdar (medium) irrigation schemes, not taken up for rehabilitation of canals by the WRD. The PIs were paid Rs 23.36 lakh against the total cost of Rs 35.54 lakh. However, the studies were not completed as of March 2007 due to lack of co-ordination with WRD. The Government stated (August 2007) that the PMU informed (August 2006) about the deletion of these projects. This indicated lack of co-ordination and monitoring between PMU and Agriculture Department which resulted in wasteful expenditure of Rs 23.36 lakh.

### **3.3.17 Monitoring and Evaluation**

The following deficiencies were noticed in monitoring and evaluation system:

- The MIS was to be modernised through the acquisition of computer hardware, software etc. to improve finance and accounting, technical and

---

84. Jaisalmer : one; Jalore: nine; Jodhpur : two; Nagaur : 18 and Sirohi: eight.

85. Piped under ground bore hole covered with cap, to measure the water level with the help of inch tap and for taking water sample for chemical analysis.

86. Rs 18.37 lakh (against Rs 22 lakh) in 2003-04 and Rs 28.54 lakh in 2006-07.

87. Deputy Director, Agriculture (Extension) - Karauli: Rs 5.51 lakh; Bhilwara: Rs 24.41 lakh; Dungarpur: Rs 0.63 lakh; Sriganganagar: Rs 41.48 lakh and Hanumangarh: Rs 30.74 lakh.

engineering applications, data processing and analysis, etc. in all the three Departments. The consultancy for MIS expected to be awarded in the first year of the project itself was not awarded even after lapse of five years. Thus, strategy for implementation of MIS was not finalised.

- As per PAD a Financial Management Manual was to be adopted by all the implementing agencies to ensure transparency, uniformity, clarity and accountability. The manual was not available with any of the implementing agencies or PMUs. Due to incomplete documentation of compilation, the reliable information of component/sub-component-wise expenditure, amount claimed for reimbursement, actual reimbursement, etc. was not available.
- As per PAD, Government was to engage an independent Monitoring and Evaluation agency to complete two key performance indicators based formal reviews by October 2004 and 2006 focusing on project progress and impact to ensure efficient carrying out the project during its execution. The consultancy for this purpose was allotted (September 2005) to the firm 'T' and final report was due in February 2008, which would not serve any purpose of ensuring efficient carrying out of the project.
- Agriculture Department was required to collect irrigation scheme-wise key performance indicators and report to the WB once in six months. These indicators included area irrigated, crops grown, cropping intensity, change in cropping system, new crops introduced and productivity of important crops as compared to baseline pre-project data collected, if any, earlier. The WB Supervision Mission (December 2006) also insisted to submit these reports by 31 March 2007, but no such reports were made available by the Agriculture Department. Performance of the project was, thus, could not be evaluated.
- To watch proper functioning of the WUAs, field officers had to organise regular meetings with WUAs. Assistant Engineers/Junior Engineers were required to visit the WUAs within 15 days and the Executive Engineers were to hold meetings with all WUAs once in each month. No documentary evidence or minutes of such meetings, (except 11 meetings in Jawai Canal Division, Sumerpur) were made available though called for in test checked divisions. The WB Implementation Support Mission in its report (December 2006) had pointed out that failure to implement these actions would result in downgrade the performance rating of the project by the WB to "unsatisfactory", which was "satisfactory" or "marginally satisfactory" in terms of both implementation progress and financial management during mid-term review by WB team (17 November - 6 December 2005). In that event continued financial support to the project would not be provided by the WB.

### **3.3.18 Conclusion**

Implementation of the project was slow. Only 52 per cent of project cost was utilised in five years against project period of six years. Neither rate of irrigation water charges were revised nor staff was down sized to reduce the O&M cost, as envisaged in the project. Arrangements were not made for recovery of water charges through the FOs and its sharing with them for carrying out O&M. There was a lack of co-ordination between WRD and FOs.

There were cases of non-recovery of liquidated damages and advances, cost overrun, time overrun, unfruitful expenditure, undue benefit to contractor by issuing inadmissible excise duty exemption certificates. The report of the consultant for monitoring and evaluation is expected only by February 2008, which would not serve any purpose.

**3.3.19 Recommendations**

- Constraints and bottlenecks affecting performance and progress of the project should be resolved.
- Steps should be taken to strengthen the process of claim preparation, financial reporting and internal audit systems.
- Clear and transparent guidelines for staff norms should be prepared. The procedure for estimating annual optimum O&M requirement should be established and water charges should be revised to make the project self sustainable.
- GOR should expedite a policy decision for sharing the water charges between GOR and FOs and also prepare a time schedule for handing over to the FOs, different schemes on their completion.

The points were reported to Government in June 2007; their reply received in September 2007 had been incorporated at appropriate place.



## URBAN GOVERNANCE DEPARTMENT

### 3.4 Rajasthan Urban Infrastructure Development Project

#### *Highlights*

*Rajasthan Urban Infrastructure Development Project (RUIDP) was started in January 2000 covering six divisional headquarters of Rajasthan with a total outlay of Rs 1,529 crore of which substantial amount was financed by Asian Development Bank. The project aimed at social and economic development of these six cities and was to be completed by December 2004 (extended to March 2009). The progress made in first three years was dismal which resulted in payment of commitment charges. Implementation of the Project suffered from improper estimation of works, non-recovery of contributions from Urban Local Bodies and loans paid to them, delayed execution of works, lack of community participation, selection of inefficient contractors, undue benefits to contractors and ineffective monitoring of works.*

**The expenditure incurred on RUIDP from January 2000 to March 2002 was only Rs 9.60 crore (6.86 per cent) against budget provision of Rs 140 crore. Short drawal of loans resulted in extra liability of Rs 31.46 crore towards commitment charges.**

*(Paragraphs 3.4.6.1 and 3.4.6.3)*

**Contribution of Rs 38.36 crore from the Urban Local Bodies was not received and recovery of loan amount of Rs 122.06 crore and interest thereon from the Local Bodies was not initiated.**

*(Paragraph 3.4.6.2)*

**Delay in project implementation led to extra expenditure of Rs 13.93 crore on extension of consultancy services.**

*(Paragraph 3.4.7.1)*

**Delayed preparation of base maps at a cost of Rs 3.69 crore deprived of consultants of their use in designing. There were delays ranging from six months to 33 months in 23 works out of 81 works completed by March 2007.**

*(Paragraphs 3.4.8.1 and 3.4.8.3)*

**Project Management Unit extended undue benefit of Rs 13.75 crore to contractors by issue of irregular certificates for excise duty and payment of advances and certain concessions in violation of agreements.**

*(Paragraphs 3.4.8.4)*

**Non-completion of works/non-handing over of works led to blocking of Rs 29.01 crore. Besides, liability of other agencies amounting to Rs 6.66 crore were irregularly charged to project.**

*(Paragraphs 3.4.8.6 and 3.4.8.7)*

### **3.4.1 Introduction**

Rajasthan Urban Infrastructure Development Project (RUIDP) was started in January 2000 covering population of 37.89 lakh<sup>88</sup> at six divisional headquarters<sup>89</sup> with loan assistance from the Asian Development Bank (ADB). The objective of the project was to optimise social and economic development in these six cities by developing urban services for water supply and sanitation, solid waste and waste water management, slum upgrading, environmental improvement, road improvement and traffic management and strengthening other civic amenities. The project also provided for capacity building and community participation to support effective devolution of urban management. As per initial agreement (December 1999) between Government of India (GOI) and ADB, the project was to be completed by December 2004, which was extended to March 2009.

### **3.4.2 Organisational set up**

At the apex level, an Empowered Committee (EC) under the Chairmanship of Minister of Urban Governance Department (UGD) (earlier Urban Development Department) was responsible for policy decisions and for according sanctions to RUIDP works. UGD was the executing agency for RUIDP. A Project Management Unit (PMU) headed by a Project Director (PD) was responsible for project implementation and management. There were Project Implementation Units (PIUs) in six cities where the project was being implemented. Superintending Engineer (SE) who was under direct administrative control of PMU headed a PIU. Four consultants were engaged to assist PMU and PIUs in project management i.e. drawing, design and supervision of construction.

### **3.4.3 Audit objectives**

Audit objectives were to assess whether:

- the funds were expended for the intended purpose and regulated as per rules;
- the works were executed after proper survey, estimation and designing;
- the project was implemented in an economical and effective manner;
- the monitoring mechanism existed and was effective.

---

88. On the basis of 1991 census, but subsequently increased to 52.93 lakh in 2001 census.

89. Ajmer, Bikaner, Jaipur, Jodhpur, Kota and Udaipur.

### 3.4.4 Audit criteria

The audit criteria used to assess the performance of RUIDP were:

- the ADB guidelines for implementation of RUIDP and the policy decisions of the State Government on the Project,
- the manual of the Project with regard to various construction activities,
- Financial and Accounting Rules of the Government,
- provisions of loan and project agreement with ADB and
- minutes of EC, Tender Approval Committee and Variation Approval Committee.

### 3.4.5 Scope and methodology of audit

The performance audit of implementation of RUIDP in six cities during 2002-07 was conducted (January to June 2007) by test check of pertinent records of PIUs. An entry conference was held with the Project Director of PMU in November 2006 to discuss the audit objectives and criteria and the audit observations were discussed in the exit conference held in September 2007.

## Audit findings

### 3.4.6 Financial Management

#### 3.4.6.1 Financial outlay and expenditure

The total financial outlay of RUIDP was US Dollars 362 million (equivalent to Rs 1,529 crore<sup>90</sup>). US Dollars 250 million (equivalent to Rs 1,055 crore) were financed from ADB and US Dollars 112 million (equivalent to Rs 474 crore) were financed from State's own resources. ADB provided its share as loan to GOI to be disbursed as per agreed schedule. GOI in turn provided this amount, 70 *per cent* of the amount as loan and 30 *per cent* as grant to State Government. After inclusion of Bisalpur-Jaipur water supply project, the RUIDP cost was revised to Rs 1,894 crore.

**Upto  
March 2002  
expenditure  
was only  
Rs 9.60 crore  
(6.86 *per cent*).**

State Government received the loan from GOI as Central assistance. Provision of funds for the project was made under State plan. The expenditure incurred from January 2000 to March 2002 was only Rs 9.60 crore (6.86 *per cent*) including Central assistance of Rs 1.22 crore, against the budget provisions of Rs 140 crore. It was mainly on account of advances to consultants, National Remote Sensing Agency and on pay and allowances to staff. The budget

90. The amount shown in Rupees varies due to the fluctuation of exchange rates between Indian Rupee and US Dollar.

provision and expenditure incurred during 2002-07 on the project were as under:

(Rupees in crore)

Year	Central assistance	Budget Provision	Expenditure	Percentage of expenditure as against budget provision
2002-03	70.78	200	133.62	66.81
2003-04	201.06	413	214.13	51.84
2004-05	216.63	400	325.78	81.44
2005-06	136.62	405	178.42	44.05
2006-07	30.42	450	226.33	50.29
<b>Total</b>	<b>655.51</b>	<b>1,868</b>	<b>1,078.28</b>	<b>57.72</b>

During 2002-07 the expenditure ranged between 44 and 81 *per cent* of the budget provisions. Out of Rs 1,087.88 crore<sup>91</sup> spent as of March 2007, Rs 958.20 crore was incurred by RUIDP (**Appendix-3.4**) on various works in six cities and Rs 129.68 crore was incurred on consultancy services, community awareness and participation programme and procurement of goods.

Government attributed (September 2007) the slow progress to long procedure of engagement of consultants and hardship in execution of works in urban areas. Reply was not tenable because proper planning and realistic estimation could have avoided delay in execution of works, which led to excess payment of remuneration to consultants as commented elsewhere in the Report.

### 3.4.6.2 Non-recovery of contribution and loan from Urban Local Bodies

**Contribution of Urban Local Bodies amounting to Rs 38.36 crore was not received.**

For recovering the cost of works from Urban Local Bodies (ULBs) on lending loan agreements between GOR and ULBs as envisaged in loan agreement between GOI and ADB were executed (December 1999). The loan agreement provided that 70 *per cent* of amount was to be extended as loan and balance 30 *per cent* as grant. Funds required in addition to the sanctioned amount (as loans and grants) were to be contributed by ULB concerned. According to amortization schedule of the loan of Rs 305.23 crore, the principal sum, along with 13 *per cent* interest per annum was to be paid half-yearly in June and December each year commencing from June 2004 up to December 2023.

Out of a total contribution of Rs 78.36 crore receivable from six municipal corporations and councils and five Urban Improvement Trusts (UITs) and Jaipur Development Authority (JDA), Rs 34.96 crore was only received. Further, as the loan amount was revised to Rs 122.06 crore, recovery of loan and interest thereon could not be started due to non-finalisation of a fresh amortization schedule. Government stated (September 2007) that total Rs 40 crore has been recovered from the ULBs as of August 2007.

91. This includes expenditure (Rs 9.60 crore) incurred prior to 2002-03 also.

### 3.4.6.3 Extra liability on payment of commitment charges

**Extra liability of Rs 31.46 crore on account of commitment charges paid due to delayed implementation of the project.**

As per loan agreement, loan assistance of US Dollars 250 million was provided for project activities. The borrower i.e. GOI was to draw 15 per cent loan in first year, 30 per cent in second year, 40 per cent in third year as per schedule of agreement and remaining 15 per cent thereafter. Under the loan agreement, the borrower was to pay the commitment charges at the rate of 0.75 per cent on the amount of loan drawn short. It was observed that Government of Rajasthan (GOR) withdrew Rs 656.73 crore as against available assistance of Rs 1,112 crore (as per current exchange rates) during the year 2000-07. As a result, Government had to pay commitment charges of Rs 31.46 crore.

Government stated (September 2007) that execution of project was delayed due to long procedure of engagement of consultants and unprecedented incidents during execution of civil works that were unavoidable. Reply of Government was not tenable, as payment of commitment charges could have been avoided, had the Government planned its activities in accordance with the agreement with ADB and managed timely completion of the construction.

Thus, lack of proper planning/ management and corresponding delay in project implementation led to short drawal of loans and resulted in extra liability of Rs 31.46 crore towards commitment charges.

### 3.4.6.4 Non- receipt of utilisation certificates

**Utilisation certificates of Rs 9.60 lakh only were received as against Rs 15.06 crore transferred to the line agencies.**

As per RUIDP contracts specialised works viz. shifting of utility services, tree plantations etc. were to be executed by the different line agencies. The amount of such works was deposited with these line agencies on their demand. The utilisation certificates (UCs) and details of work done were to be submitted by line agencies to the PIUs concerned immediately after completion of such works. To ensure proper utilisation of funds, a report of physical work carried out by the line agency was to be prepared by concerned engineer incharge.

Test check of records of five PIUs<sup>92</sup> showed that UCs of Rs 14.97 crore<sup>93</sup> out of Rs 15.06 crore paid between April 2002 and March 2006 to line agencies were pending as of March 2007. No report of the works carried out by the line agencies was prepared by the engineer incharge.

### 3.4.7 Consultancy services

**Delayed execution of works resulted in extra expenditure of Rs 13.93 crore on consultancy services.**

#### 3.4.7.1 Extra expenditure on consultancy services

As per loan agreement with ADB, the project was to be completed by December 2004. Four consultants were engaged as required under Schedule-5

92. Ajmer, Jaipur, Jodhpur, Kota and Udaipur.

93. PHED: Rs 1.15 crore; Railways: Rs 4.33 crore; BSNL: Rs 0.91 crore; VVNL: Rs 3.39 crore; PWD: Rs 1.24 crore; Forest Department: Rs 3.94 crore and UIT: Rs 0.01 crore.

of the agreement with original contract amount of Rs 55.39 crore for project management, detailed design and construction supervision. Agreements were entered with these four consultants with stipulated completion of consulting work as October 2004 in case of one firm and as December 2004 for three others. The execution of works was delayed and the PMU continued the services of the consultants. The consultants were paid Rs 69.32 crore as of March 2007. This resulted in excess expenditure of Rs 13.93 crore. The liability on account of consulting services is likely to increase further as 46 works were under progress as of March 2007.

Government stated (September 2007) that the contract period was highly optimistic and work could not be completed in this period which resulted in extension of services of consultants. Reply was not tenable as fixation of unrealistic time schedule resulted in extra expenditure. Further, no liability was fixed on any of the consultants for the delays due to design change and poor execution.

#### **3.4.7.2 Community awareness and participation programme**

**Delayed execution of CAPP works resulted in lack of community participation in the project.**

The community awareness and participation programme (CAPP) was designed to promote community participation and awareness about environmental, health and sanitation aspects and implementation and management of the project facilities. According to the implementation schedule of the Project, CAPP was part of the initial stages of the Project. Consulting services for CAPP was awarded to Indian Institute of Rural Management (IIRM), Jaipur for Rs 4.83 crore in October 2003 i.e. four years after the scheduled commencement of the Project. The work was to be completed by April 2005, later extended up to March 2008 at revised cost of Rs 5.11 crore.

Government stated (September 2007) that an early initiation of CAPP might have resulted in paying major amount on mobilization of persons without any major activity. Reply was not tenable as CAPP was supposed to create awareness about the whole project and solicits community participation at planning stage. Due to delay in initiation of CAPP, the objective to educate the beneficiaries about project operation and its benefits had not been achieved.

#### **3.4.7.3 Improper estimation of quantities of work on consultants design**

**Improper estimation of work at design stage led to reduction in scope of work and delays.**

As per consultancy contract, consultant was responsible for preparation of designs of the works. The works of supply, installation, testing and commissioning of sewer lines in Anasagar and Shastri Nagar areas of Ajmer city for Rs 13.64 crore and Rs 8.23 crore were allotted (September 2002) for completion within 15 months and 12 months respectively.

Test check of records of PIU, Ajmer showed that the quantities for excavation in hard rock in Anasagar and Shashtri Nagar areas were taken as 120 cubic metres (cum) and 95 cum respectively in Bill of Quantities (BOQ) whereas after confirmatory survey the contractor intimated that the quantities to be executed were 32,515 cum and 13,427 cum respectively. The contractor demanded higher rates of Rs 2,520 per cum for excavation in rocky trenches against BOQ rates of Rs 170 per cum. Due to huge variation in quantities of

earthwork the scope of the work in Anasagar area was reduced from Rs 13.64 crore to Rs 2.66 crore. Further, due to inordinate delay in completion of works, contract agreements were terminated (April 2007) after payment of Rs 6.18 crore (Rs 1.62 crore for Anasagar and Rs. 4.56 crore for Shastri Nagar).

Improper estimation resulted in reduction of scope of works and delays causing inconvenience to public. The Department was also forced into unnecessary litigation filed by contractor. Further, no action was taken against the consultant who prepared the designs.

### **3.4.8 Project execution**

RUIDP was conceived with ADB loan for social and economic development of six cities. Out of total 178 works (estimated cost: Rs 1,556.06 crore), 147 works were sanctioned between February 2002 and February 2004, 31 works were further sanctioned upto July 2006. Of these, 81 works had been completed at a cost of Rs 344.87 crore as of March 2007. Sixty four works (estimated cost: Rs 385.13 crore) were test checked and the irregularities noticed are mentioned below:

#### **3.4.8.1 Non-utilisation of base maps in project planning and design**

**Due to delayed preparation of base maps, consultants could not use those in designing.**

According to the Action Plan of RUIDP, the work of aerial photography and preparation of base maps was to be completed between February and July 1998 so that these could be utilised in design and planning of assets to be created under the project. For preparation of the base maps work orders were issued to National Remote Sensing Agency, Hyderabad for Jodhpur, Kota and Udaipur (cost: Rs 2.11 crore) in January 2000 and for Jaipur (cost: Rs 1.58 crore) in June 2001. The base maps were prepared only in October 2002. Government stated (September 2007) that the aim of getting these maps was to enhance capacity building of the line agencies. Reply was not tenable because the maps were to be utilised for survey, design and planning of project works. By using base maps, three packages of waste water management at Bikaner were redesigned where the contract value of Rs 26.99 crore was reduced by Rs 1.09 crore. However, the base maps were not utilised by consultants who submitted the detailed designs for 27 works of water supply, wastewater management and drainage at an estimated cost of Rs 279.60 crore pertaining to all six districts. Delay in preparation of base maps deprived the consultants of their use in designing and consequential decrease in the cost of the project.

#### **3.4.8.2 Deficiency in project planning**

Permission for widening and strengthening in km 257/000 to km 248/225 on Delhi road (NH-8) was accorded (November 2002) by the Deputy Conservator of Forest, Jaipur (west) subject to the condition that the useable material received from rock cutting should be utilised for construction of retaining wall for soil conservation work. The work was allotted to a Mumbai based contractor (March 2003) for Rs 12.96 crore and the work was completed in September 2006 at a revised cost of Rs 13.69 crore.

**Clause inserted in the contract in violation of guidelines stipulated by the Forest Department.**

It was seen that contrary to the conditions imposed by Forest Department the contract provided that excavated material would become the property of the contractor and no recovery on account of material received should be made by the RUIDP. Accordingly, the contractor reduced the rates for excavation of rock to Rs 220 per cum as against Rs 285 per cum quoted earlier. As the Forest Department did not allow lifting of the excavated material (September 2007), the RUIDP had agreed to reimburse Rs 45.39 lakh, the cost of 68,829.60 cum of useable stone at the rate of Rs 65 per cum. Revision of rates for one item of work after contracting was not prudent.

RUIDP stated (October 2007) that the demand of the contractor was justified in view of the condition by the Forest Department and in order to avoid arbitration an amicable settlement was arrived at to reimburse the amount. Reply was not tenable as entering into contract in contravention of the condition imposed by the Forest Department indicates lack of proper planning on the part of RUIDP.

#### **3.4.8.3 Time overrun**

**Completion of the works delayed upto 33 months; 87 works remained incomplete.**

During February 2002 to July 2006, 178 works were taken up under the project to be completed within six to 18 months after commencement. Of these, 81 works (45 *per cent*) were completed as of March 2007 at a cost of Rs 344.87 crore. Of these, only four works were completed in time. Fifty four works were delayed by two to six months and in respect of 23 works delays ranged between six months and 33 months. As of March 2007, 87 works<sup>94</sup> due to be completed between September 2003 and December 2006 remained incomplete.

Government attributed (September 2007) this to delay in land acquisition, obtaining clearance from Forest Department, Public Works Department and Railways etc., issue of essentiality certificates for exemption of excise duty, procurement of material, finalisation of layout designs and changes in drawings and designs after the award of works.

Reply was not tenable, as proper planning and synchronisation of pre-construction activities and co-ordination with Government agencies could have avoided delay in works.

#### **3.4.8.4 Undue benefit to contractors resulting in loss to Government**

Undue benefit of Rs 13.75 crore had been given to contractors by way of irregular issue of essentiality certificate for claiming exemption of Excise duty (Rs 0.88 crore), payment of acceleration advances (Rs 5.82 crore), excess payment of mobilization advance (Rs 2.75 crore) and undue concessions (Rs 4.30 crore) as discussed below:

---

94. In remaining 10 works stipulated completion period was after April 2007.



**Irregular issue of essentiality certificates led to undue benefit to contractors amounting to Rs 87.87 lakh.**

- As per contract agreement, RUIDP was required to assist the contractors to obtain any lawful exemption from payment of any kind of tax or duty on plant and materials which were to be incorporated as a part of permanent works by way of issue of essentiality certificates subject to maintenance of records of goods received and utilised as laid down under the notification (28 August 1995) of Central Excise and Salt Act, 1944.

Scrutiny of records of four PIUs<sup>95</sup> disclosed that on the recommendations of SEs of the PIUs, the PMU had issued essentiality certificates for exemption of excise duty on diesel, oil and lubricants to four contractors between April and October 2003. As the items were not incorporated as part of the permanent work, exemption of excise duty was not permissible. Thus, irregular issue of essentiality certificates resulted in undue benefit to contractors amounting to Rs 87.87 lakh.

Government stated (September 2007) that RUIDP had initiated action for recovery and Rs 24.92 lakh had been recovered.

**Payment of acceleration advance was made to contractors in violation of agreements.**

- There was no provision for payment of acceleration advance in the agreements executed with contractors. It was observed that acceleration advances of Rs 5.82 crore were paid at the request of contractors by the six PIUs between July 2004 and December 2006 to 12 contractors for 13 works with estimated cost of Rs 120.19 crore in contravention of the provisions of contracts. Only two works were physically completed. Further, recovery of acceleration advance of Rs 25 lakh against one contractor was deferred without any reason.

Government stated (September 2007) that decision of payment of acceleration advance was taken to ensure early completion of works. The reply was not tenable as six works were delayed by 12 to 37 months (March 2007) despite payment of acceleration advance of Rs 2.40 crore.

- Contract agreements provided that mobilization advance not more than 10 *per cent* of the initial contract price was payable to a contractor on request. The advance was to be adjusted from interim payments so that it could be repaid within 10 months from the date of notice to proceed with the work. In case of delay in payment of installments, mobilization advance should be recovered with interest at 12 *per cent* per annum. Interest amounting to Rs 22.38 lakh on mobilization advance paid by three PIUs<sup>96</sup> to 14 contractors between September 2002 and December 2003 had not been recovered as of March 2007.

**Excess payment of mobilisation advance of Rs 2.37 crore was made to contractors due to improper estimation.**

- PIUs, Bikaner, Jodhpur, Kota and Udaipur awarded 11 works between October 2002 and May 2003 for a total cost of Rs 104.18 crore based on estimates prepared by Consultants. These works were completed between December 2004 and November 2006 at a cost of Rs 78.07 crore as against

95. Ajmer, Jaipur, Jodhpur and Kota.

96. Ajmer, Jodhpur and Kota.

revised estimate of Rs 79.94 crore. It was observed that mobilization advances amounting to Rs 10.36 crore were paid to these contractors at the rate of 10 *per cent* of the initial contract price. Revision of the estimated cost after award of works indicated that original estimates were not correctly prepared. The contractors were entitled to mobilisation advances of Rs 7.99 crore on the basis of revised estimates. This resulted in undue benefit to the contractors by way of excess mobilisation advances of Rs 2.37 crore and loss of interest of Rs 15.76 lakh on the amount (at 12 *per cent*).

Government stated (September 2007) that there might be variation to some extent in the estimated quantities for the works. Reply of Government was not tenable as undue benefit to contractor could be avoided if estimates were correctly prepared.

**Selection of inefficient contractors resulted in inordinate delay in completion of works despite providing undue concession.**

The work of construction of rail over bridge (ROB) at Hasanpura Road Railway Crossing near Jaipur Railway Station, Jaipur was awarded (July 2003) to a pre-qualified Mumbai based firm for Rs 9.05 crore. The stipulated dates of commencement and completion of work were 22 May 2003 and 21 May 2004 respectively. Though progress of the work was unsatisfactory right from the beginning, PMU provided undue relaxation/concessions beyond contract agreement viz. (i) payment of bills even it was less than five *per cent* of contract value, acceleration advances (Rs 95 lakh), secured advance (Rs 2.07 crore), and (ii) deferment of recovery of mobilization advances (Rs 43 lakh), acceleration advances (Rs 85 lakh) and deferment of levy of liquidated damages.

Despite providing these concessions, the contractor was found short of finances and manpower and failed to complete the work. As of March 2007, Rs 6.86 crore was paid to the contractor.

Government stated (September 2007) that contractor was qualified as per the prescribed standards. Further, there was unprecedented increase in prices of steel and cement and in absence of price escalation clause the concessions were given. Reply of Government was not tenable as the contractor failed to complete the work in spite of concession beyond contract agreement.

#### **3.4.8.5 Injudicious selection of contractors**

Works of construction of ROBs at New Sanganer Road and at Dalda Factory, Durgapura, Jaipur were awarded (June 2002) to firm 'A' of Baroda for Rs 7.37 crore and Rs 7.65 crore respectively. The stipulated dates of commencement and completion of work were 2 July 2002 and 18 June 2003 respectively.

**Selection of inefficient contractor resulted in extra burden of Rs 1.26 crore.**

The firm had neither any experience in similar contracts nor employed the personnel possessing suitable qualifications. The contract was terminated in September 2003 after payment of Rs 4.20 crore to the firm due to slow progress of works. Further, demand of Rs 10.40 crore was raised against the defaulter firm on account of liquidated damages, 50 *per cent* amount of value of works not completed, cost of re-tendering, cost of remarking the diversion roads, etc. Remaining work of both the ROBs was awarded (January 2004) to firm 'B' of Chennai at contract price of Rs 14.58 crore. The total expenditure

incurred (March 2007) was Rs 16.15 crore including Rs 4.20 crore paid to firm 'A'. The rates of various items finalised with contractor 'B' were higher than the rates approved with the contractor 'A', which resulted in extra expenditure of Rs 1.26 crore on those items, which were left incomplete by the defaulter firm. The amount was not recovered as of August 2007.

Government stated (September 2007) that matter was pending before Arbitration and recovery proceedings would be initiated after decision of the Arbitrator. Thus, injudicious selection of the firm necessitated termination of contract and led to extra burden of Rs 1.26 crore.

#### 3.4.8.6 *Blocking of funds*

Project funds amounting to Rs 24.72 crore have been blocked due to sanctioning of mobilization advance for work subsequently withdrawn due to land dispute (Rs 0.17 crore), non-transferring of pipeline for commissioning (Rs 12.86 crore) to PHED and works of intake pumping station and pipeline lying incomplete (Rs 11.69 crore) as discussed below:

**Initiation of work without getting possession of land resulted in blocking of Rs 16.55 lakh.**

- Rule 351 of Public Works Financial and Accounts Rules prescribes that no work should commence on land that has not been duly made over by a responsible civil officer. The work of commissioning of outfall sewer from Manwa Khera to sewerage treatment plant (STP) site (in Udaipur) was awarded (January 2003) to a contractor for Rs 3.31 crore with scheduled date of completion as 20 January 2004 on land that had not been taken over. The first installment of mobilization advance of Rs 16.55 lakh was paid to the contractor in January 2003. The work could not be commenced as the High Court directed (November 2003) not to establish STP at the proposed site and no other suitable site was available. Consequently, bank guarantee furnished by the firm was invoked (January 2004), mobilization advance of Rs 16.55 lakh was recovered (February 2004) and the contract was terminated (July 2004). On termination of contract the contractor claimed (June 2005) Rs 1.30 crore on account of expenses and liabilities created. Award of work without getting the possession of site resulted in blocking of Rs 16.55 lakh and resultant loss of interest of Rs 2.98 lakh at 18 *per cent* per annum.

Government stated (September 2007) that matter was pending before Arbitration.

- Project Director, RUIDP instructed (July 2006) PIUs to hand over completed works to line agencies. However, in PIU, Kota pipelines of various sizes laid in November 2006 at a cost of Rs 12.86 crore for supply of water, were not handed over by PIU to the line agency i.e. PHED as of August 2007. As a result, these works could not be commissioned and Rs 12.86 crore had been blocked.

- SE, PIU, Kota awarded (January and February 2003) works of intake pumping station at Akelgarh Head Works for Rs 6.80 crore and of clear/raw water pipe lines at Kota for Rs 11.19 crore to a New Delhi based contractor. The works were to be completed on 8 July 2004 and 3 February 2004 respectively. As the contractor failed to complete the works within the

stipulated period both the contracts were terminated (March 2007) by PMU. The contractor was paid Rs 2.85 crore and Rs 8.84 crore for both the works. Thus, Rs 11.69 crore had been blocked on incomplete works. Non-commissioning of scheme affected water supply system in Kota.

Further, no action was taken by SE, Kota to recover Rs 4.29 crore on account of damages for delay from the contractor.

### 3.4.8.7 Irregular payment of liabilities of line agencies

Liabilities of line agencies amounting to Rs 6.66 crore were irregularly paid from project fund.

Empowered Committee decided (November 2001) that cost of land required to develop infrastructure facilities under RUIDP would be borne by the line agencies. After handing over the completed works the operation and maintenance (O&M) was also to be carried by them.

Contrary to this, in three PIUs<sup>97</sup> the liability of line agencies amounting to Rs 6.66 crore was borne by the PIUs as detailed below:

(Rupees in lakh)

Name of PIUs	Details of work	Name of line agency	Period	Amount
Ajmer	Cost of land and dismantling of staff quarters	UIT, Ajmer	May 2004	200.00
Jaipur	Supervision and O&M Charges	JDA, Jaipur	January 2007	50.27
	Electricity bills	Nagar Nigam, Jaipur	July to October 2006	51.13
Jodhpur	Electric load extension at Kailana Filter house	PHED, Jodhpur	September 2004	176.00
	Cost of land	UIT, Jodhpur	January to March 2003	183.00
	O&M Charges	PHED, Jodhpur	Not available	5.53
<b>Total</b>				<b>665.93</b>

### 3.4.8.8 Increase in the cost of the project due to non-inclusion of excise duty exemption clause

The project cost increased due to not availing the benefit of excise duty and sales tax exemption.

GOI exempted (August 1995) all goods supplied and machinery used in Project approved by it and funded by World Bank, ADB or any International Organisation from levy of customs/excise duties. While calling for bids PMU failed to include a clause in the bid documents that bidder should quote the prices excluding customs/excise duties as exemption were available to them.

In three PIUs<sup>98</sup>, due to non-inclusion of exemption clause in bid documents of 24 works valued at Rs 135.08 crore awarded between February 2002 and February 2003, Department could not avail the benefit of exemption of excise duty amounting to Rs 1.68 crore. Non-availment of the benefit of excise duty for bitumen, steel and pipes could not be worked out in the absence of basic price of these items.

97. Ajmer, Jaipur and Jodhpur.

98. Ajmer, Bikaner and Jodhpur.

Government stated (September 2007) that there was no financial loss to RUIDP. The reply was not tenable as the omission resulted in non-availing of benefit of excise duty and sales tax amounting to Rs 1.68 crore on purchase of cement alone.

#### **3.4.9 Monitoring**

Loan agreement provides that Project Steering Committee (PSC) shall periodically review the progress of works and provide guidance for orderly implementation and monitoring of the Project. State Level PSC comprising members of the Empowered Committee, Mayors/Chairpersons of Municipal bodies, Divisional Commissioners of six project cities, the JDA and the Chief Town Planner was however, not constituted. Further, National Level PSC to be established in the Ministry of Urban Development of GOI consisting of representatives of departments and agencies of GOI and the State involved in project implementation was also not constituted.

Loan agreement further provides that GOI and the State were required to carry out regular monitoring of raw and treated water quality and its supply, various parameters of treated effluent, solid waste management operation and maintenance activities and cleaning of drains. However, such monitoring was not done.

#### **3.4.10 Conclusion**

The planning for the projects by the PMU/PIUs was weak. The base maps supposed to be prepared before starting construction work were not ready. The progress of work was not satisfactory as expenditure was only 6.8 *per cent* of the budget provision during initial three years. There was short drawal of loan which resulted in payment of commitment charges of Rs 31.46 crore. Eighty one (45 *per cent*) out of 178 works were completed as of March 2007. Only four works were completed on time, depriving the public of the expected benefits. Contribution from ULBs was not received and amortization schedule for repayment of loan extended to them had not been finalised. There were instances of undue benefits to contractors in the form of payment of acceleration advance, non-recovery of liquidated damages, irregular grant of excise duty exemption certificates, etc. Besides, selection of inefficient contractors leading to termination of works, delay in completion of works, payment of liabilities of line agencies from Project fund and non-availing of excise duties exemption were also noticed. State Level Project Steering Committee was not constituted to review the progress of work.

#### **3.4.11 Recommendations**

- Comprehensive review of incomplete works should be carried out and status of works be watched at Empowered Committee level;
- Amortization schedule for recovery of loan from ULBs should be finalised and efforts made to effect recovery of those;

- In the cases of delay due to design change and supervision deficiencies responsibility of consultants should be fixed;
- Recovery should be made from contractors for the delays/incomplete works;
- All completed works should be transferred to line agencies on priority.
- State Level Project Steering Committee should be constituted.

The matter was reported to Government in July 2007; their reply received in September 2007 has been incorporated at appropriate places.

## FINANCE DEPARTMENT

### 3.5 Computerisation of Treasuries

#### *Highlights*

*Rajasthan State Government implemented the Treasury Computerisation System (TCS) in 1996-97 to overcome the weakness of the manual system and for providing financial information from treasuries to the Finance Department. Data Depository System (DDS) was developed in 2002-03 at the cost of Rs 2.15 crore with a view to make a repository of all employees of the State Government and making use of this data for various management purposes. Information Technology (IT) audit of treasuries was conducted to assess the benefits derived from the implementation and operation of TCS and DDS.*

User Manual was not available in 10 out of 11 test checked treasuries. There was no documented Information System Security policy and password policy. There was no record of testing and acceptance.

*(Paragraphs 3.5.7.1, 3.5.7.2 and 3.5.7.4)*

Transmission of data between sub-treasuries and treasuries through floppies/tapes without appropriate security precautions made the data vulnerable and open to unauthorised manipulation(s).

*(Paragraph 3.5.7.2)*

Absence of Treasury Wide Area Network resulted in non-interlinking of sub-treasuries, treasuries and Directorate of Treasuries and Accounts. Function of Treasury Computerisation System was reduced merely to compilation of transactions and no information was retrievable from the system for macro level budget monitoring and financial management.

*(Paragraph 3.5.7.6)*

Some modules of the planned system were not implemented and some were partially implemented (June 2007) in the test checked treasuries.

*(Paragraph 3.5.7.10)*

Incomplete and inaccurate data in master file and non-validation of input data in Data Depository System resulted into presence of unreliable data.

*(Paragraph 3.5.11)*

### **3.5.1 Introduction**

The Director of Treasuries and Accounts (DTA) under Finance Department (FD) of Government of Rajasthan is the monitoring/administrative authority for functioning in all the district treasuries.

The DTA exercised financial control through 38 treasuries, 100 independent sub-treasuries, 10 pension sub-treasuries, 104 revenue sub-treasuries and one Assistant Pay and Accounts Officer at Delhi. The Directorate is responsible for providing department-wise monthly revenue and expenditure details received from district treasuries to FD and Accountant General (AG) Office etc. The district treasuries are responsible for the safe and efficient handling of all cash transactions as per Rajasthan State Treasuries Rules.

### **3.5.2 Computerisation Process**

The State Government decided to undertake computerisation activities in 1995-96 to overcome the weakness of the manual system in getting financial information from treasuries for use in the FD by easy retrieval of data from computerised system, and preparation and compilation of information for Management Information System (MIS). Accordingly, Treasury Computerisation System (TCS) software development was assigned to National Informatics Centre (NIC) in 1996-97. The scope of computerisation was further enlarged in 2002-03 when DTA assigned the development of Data Depository System (DDS) to NIC for having a database of State Government employees. The objective was to exercise budgetary control of salary head and generation of MIS reports for human resources purposes. Both the computerisation projects were assigned to NIC at the cost of Rs 5.60 crore for TCS and Rs 2.15 crore for DDS.

The computerisation of treasuries under TCS project was planned to be completed in four phases. In the first phase (1996-97), 31 district treasuries and Jaipur (Rural) treasury were to be computerised. In the second phase (1997-98) six special treasuries and 26 independent sub-treasuries and in the third phase (1998-99) 60 independent sub-treasuries were to be computerised. In the fourth phase (1999-2000) interlinking of sub-treasuries, special treasuries and district treasuries was to be done.

Different modules under TCS are: (i) Compilation Module, (ii) Token Module, (iii) Bill Module, (iv) Personal Deposit Account Module, (v) Stamp Module, (vi) Pension Module for (a) civil/family pension (b) old age pension, and (vii) Long Term Advances Module.

### **3.5.3 Organisational set up**

The Directorate is headed by the DTA, who is assisted by five Joint Directors (JDs), Deputy Director (DD), Officer on Special Duty (OSD) (Analyst cum Programmer), 38 Treasury Officers (TOs), 214 Sub- Treasury Officers (STOs) and one Assistant Pay and Accounts Officer. TOs and STOs are assisted by accountants and junior accountants in performing duties.



### 3.5.4 Objectives of computerisation

The main objective of TCS was preparation and submission of computerised monthly accounts to the AG and the FD. The areas covered in TCS were passing of bills, compilation of taxes and receipts, sale of judicial/non-judicial stamps, maintenance of Personal Deposit (PD) accounts, pension payment and maintenance of Long Term Advances (LTA). A repository of the data of the State Government employees was to be maintained under DDS.

### 3.5.5 Audit objectives

Audit objectives were to assess implementation and operation of the TCS and DDS at the treasuries with respect to data integrity, compliance of financial rules, IT security, achievement of organisational goals and efficient use of resources.

### 3.5.6 Scope and methodology of Audit

The records relating to TCS and DDS maintained at DTA and 11 treasuries<sup>99</sup> were scrutinized to evaluate the effectiveness of computerisation of treasuries with reference to the stated objectives. ORACLE database analysis was done using CAATs<sup>100</sup>.

## Audit findings

### 3.5.7 General controls

#### 3.5.7.1 Documentation

Proper documentation helps in trouble free operation and maintenance of the system. DTA had Software Requirement Specifications (SRS), Software Design Document (SDD) and User Manual of Bill Section of TCS only. Documents relating to other modules of TCS and DDS were not available with DTA. User Manual was not available in 10 out of 11 test checked treasuries. Thus, lack of User Manual in 10 treasuries indicated that trouble free operation and maintenance could not be ensured.

#### 3.5.7.2 IT Security measures

- The physical and system security measures were found to be inadequate in protecting the computer hardware and software from damage, theft and unauthorised access. During inspection, it was observed that no fire fighting equipment was placed in computer room or anywhere near to it in test checked treasuries except in Kota and Jodhpur (City) treasuries. Physical access to the site and individual Personal Computers was not being regulated.

**User Manual was not available in 10 out of 11 test checked treasuries indicating that trouble free operation and maintenance could not be ensured.**

99. Ajmer, Alwar, Jaipur (Secretariat), Jaipur (City), Jaipur (Pension), Jodhpur (City), Jodhpur (Rural), Kota, Sikar, Tonk and Udaipur.

100. Computer Aided Audit Techniques.

There was no documented Information System Security policy and password policy. Audit trails and user logs were not maintained by the system. It was noticed in audit that the entries in master data files were deleted without any documented authorisation in case of a termination of pension due to death, expiry of period or remarriage in case of women pensioners; but no audit trail of deleted records was available in the system.

- There was no prescribed time frame for affecting system and password change. Logs were not maintained to record the changes. Transmission of data between sub-treasuries and treasuries through floppies/tapes without appropriate security precautions made the data vulnerable and open to unauthorised manipulation(s). Treasuries did not have any formal system of incident reporting. Information Technology (IT) security in the test checked treasuries was thus inadequate.

### **3.5.7.3 Training**

There was no training policy for training of personnel for IT. As per the project report, five to twelve persons from each treasury were to be imparted training for enabling them to handle the system. There were no records indicating formal training provided to the treasury staff. In reply, the TOs of test checked treasuries intimated that no formal training was imparted to the staff.

### **3.5.7.4 Testing and acceptance of software**

**Committee constituted for testing and acceptance of the TCS software purpose did not submit any report, the software and subsequent changes were accepted by the TOs without any written acceptance.**

Testing and acceptance of application software is necessary for successful running of system. A committee constituted by DTA for testing and acceptance of the TCS software purpose did not submit any report. DTA intimated that the software and subsequent changes were accepted by the TOs without any written acceptance. Thus correct and complete processing of data was not ensured, due to deficiencies in system design, lack of application control and IT security, which could not be pointed out in testing, resulting into generation of erroneous outputs commented in succeeding paragraphs.

### **3.5.7.5 Change Management and Version Control**

**There was no documented change management policy and no mechanism to authorise and test the amendments carried out in the software. Different versions were running in the same treasury (Kota).**

Changes in TCS modules were made on the request from District Treasury Officer concerned. There was no documented change management policy and no mechanism to authorise and test the amendments carried out in the software. Different versions were also found running in test checked treasuries and even in the same treasury (Kota). While version 2006 of TCS was in use in all other test checked treasuries, version 2007 was being used in Kota treasury. In absence of a defined policy over change management and version control, the Department could not ensure that only authorised version are installed in all the treasuries. For want of documentation the system is vulnerable to malicious changes in software and data. DTA intimated that proposals received from TOs were being discussed in the meetings and forwarded to the NIC for amendments. However, the amendments were authorised by the management, they were not implemented simultaneously in all treasuries.

### 3.5.7.6 *Absence of Treasury Wide Area Network*

**In the absence of a WAN the requisite reports were not readily available with the DTA which were compiled after calling information from the treasuries.**

As per project report of TCS, all sub-treasuries were to be connected with the treasuries through intranet and the treasuries in the State were to be interconnected with DTA and FD through NICNET for compilation of receipts and payments, reconciliation of accounts between treasury and bank and to retrieve and analyse data. It was however observed that Wide Area Network (WAN) connectivity was not established. Hence the function of TCS was reduced merely to compilation of transactions and no information was retrievable from the system for macro level budget monitoring and financial management of State Government.

### 3.5.7.7 *Backup policy*

A formal backup policy depicting periodicity, storage, testing and recovery process for backed up data was not prepared. DTA instructions (January 2004) regarding taking backups of data, stipulated that two copies of the backup data (on Tapes/CDs) should be taken daily, one for concerned TO and the other for off-site storage. Except Kota, other 10 test checked treasuries were not following the prescribed procedure. All the database files were maintained on a single hard disk server thereby increasing the possibility of data loss in the event of a failure.

### 3.5.7.8 *MIS reports not generated*

Various MIS reports viz. report of dead pensioners and pensioners whose pension had been stopped due to expiry of the sanctioned period under Rule 13 of Rajasthan Old Age Pension Rules, 1974, non-operational PD accounts under Rule 90 of Rajasthan Treasury Rules (RTR), 1999 and report of lapsed deposit under Rule 113 of RTR were not generated by the system.

### 3.5.7.9 *Internal review of system's working.*

System development and implementation review should be a part of the management activity. No review of TCS and DDS software had been done with the result that there was continuation of manual work, use of different versions of software in treasuries, deployment of untrained staff and non-achievement of objectives of computerisation.

### 3.5.7.10 *Delay in the development and implementation of the project.*

**Compilation, Bill and Token modules were functioning; other modules of the system were in different stages of completion/implementation.**

DTA instructed all TOs (September 2001) to implement modules of TCS system made available by NIC. It was, however, observed that while Compilation, Bill and Token modules were functioning; other modules of the system were in different stages of completion/implementation. TOs of the test checked treasuries attributed non availability of hardware and infrastructure, lack of technical guidance, shortage of staff, inadequate training to the staff and deficiencies in software for non-implementation of the modules. Position of implementation of various modules is given in *Appendix-3.5*.

## **Application Controls**

### **3.5.8 Input control**

Input controls ensure that the data received for processing is authentic, complete, accurate, properly authorised, entered accurately without duplication and has not been previously processed. Deficiencies in the input controls leading to inaccurate and incomplete data are discussed below:

#### **3.5.8.1 Civil Pension Module**

The Pension Payment Order (PPO) is issued by the Director of Pension and the first payment is to be compulsorily made through the treasuries when the information on the PPO is captured in the treasuries. Thereafter the PPOs are forwarded to the concerned banks which have its custody and make the pension payments further on. In Udaipur treasury out of 16,111 civil/family pensioners, master data of only 6,551 had been entered in master file. In Jodhpur (Rural) and Udaipur treasuries, PPO number and pensioner's name were not matching with the bank scroll. Detail of family pension in the master file was not entered correctly. This showed that the data in master files were not reliable and treasuries failed to exercise control over master files and standing data required to check the correctness of pension payments.

#### **3.5.8.2 Old Age Pension Module**

Data in respect of old age pensioners being paid through Money Orders (MOs) only were entered in master file in office of Assistant TO, Old Age Pension, Jaipur. Information of pensioners drawing pension in cash was not available in master file.

Data relating to details of sanction of pension, date of start of pension, date of termination of pension, date of birth, age, identification of pensioner which are important for the payment of pension were not made mandatory and were not available in master file.

#### **3.5.8.3 Voucher Module**

Scrutiny of TCS data of pension payment in Jaipur PPO Treasury revealed that 70 vouchers of value totaling Rs 11.08 crore were entered twice. This indicated lack of a control to prevent duplicate entry of input data.

### **3.5.9 Non-mapping of business rules**

All the relevant business rule are required to be identified and suitably incorporated in the application to avail the benefits of information technology and achieve objectives of computerisation. Data analysis revealed non-mapping of business rules in the following cases:

#### **3.5.9.1 Voucher Module**

As per Rules 137 (iv) and 231 of RTR, 1999 pay orders are valid only for a

time not exceeding 21 days after passing of bills. In case bills are not presented for payment within the currency period of the pay orders, these have to be revalidated by the TOs/DTA/FD.

During scrutiny of TCS data of test checked treasuries, it was noticed that no such provision existed in the software to flag time barred pay orders. No record of time barred revalidated bills was maintained in the treasury. In 2,454 cases involving Rs 4.90 crore during 2006-07, payments were made after 22 days to 172 days of passing the bills.

As per the instructions issued by the DTA in September 2006, the payment of cheque could be drawn within 30 days of its issue. The cheque would be treated cancelled if the payment is not drawn within 30 days and new bill would be passed to issue new cheque in lieu of cancelled cheque. It was seen that 315 cheques of Rs 83.28 lakh were encashed after 30 days during 2006-07. The system could not be used to point out such cases and generate an exception report for the use of managerial control

### 3.5.9.2 Personal Deposit Module

**Non-checking of available amount by the system resulted in minus balances in PD accounts.**

As per Rule 88 of RTR, 1999 balances should be worked out after each entry of receipt and payment from PD account but the system did not check available balance before passing a cheque. This resulted in minus balances in PD accounts during March 2007 and April 2007 in Sikar treasury.

While sanctioning amount for transfer in PD account, Government may ban withdrawal of entire amount or a part of it for a specific period. Such amount is called "Freezed" amount. There was no validation check in the software to check freezed amount before passing a bill from PD account. However, such case was not pointed out during audit but absence of such check may result into non-observance of financial management.

### 3.5.9.3 Old Age Pension

- There was no validation check in the software to stop the payment of pension after the prescribed period. During test check it was found that after the prescribed period payments had been made in 11 cases involving Rs 0.12 lakh by Sikar and Udaipur (ATO, Pension) treasuries.
- The system was not processing the payment of the pension for a part of the month. In such cases full payment was authorised by the system. During test check it was found that overpayment had been made by the TO, Tonk in six cases.
- The system was not used for first payments and cash payments of pension except Jodhpur (Rural) treasury. The same was being done manually.
- As per Rule 4 of Rajasthan Old Age Pension Rules, 1974 joint pension is payable only if both husband and wife has attained 65 years of age. Thus, to ascertain eligibility of joint pension, the age and date of birth of both pensioners should be entered in the master data. But there was no provision in

the system to enter the date of birth and age of spouse. Due to non-availability of data, Audit could not check the correctness of sanction of pension in such cases.

### **3.5.10 Utilisation of system**

The system was not fully utilised by the Department. All features of the system were not being used by the treasuries instead doing the work manually. Thus, the very purpose of computerisation was not achieved.

#### **3.5.10.1 Personal Deposit Account Module**

Despite provision of Interest Calculation Module in the system, this work was being done manually in all test checked treasuries except Tonk treasury. TO, Kota intimated that due to technical problem in software the module was not being used. Other TOs assigned no reasons for non-use.

#### **3.5.10.2 Civil Pension Module**

DTA instructed (November 2000) TOs to maintain computerised pension check register to check the payment of pension by the banks with the master data and point out discrepancy, if any, to concerned bank. Though, there was facility in the software to generate pension check register, the same was not being maintained at any test checked treasury resulting in overpayment to the tune of Rs 3.88 crore reported to banks for recovery after conducting special audit of pension payments by the treasuries concerned during 2005-07. Overpayment of Rs.12.22 lakh was also noticed when the pension payment scrolls of March-April 2007 were test checked in Kota, Tonk, Ajmer, Sikar, Jodhpur (Rural) and Udaipur treasuries.

#### **3.5.10.3 Old Age Pension Module**

Though there was provision in the system, the Money Order (MO) Return register was not being generated by the system as the data relating to acknowledgements and return of MO was not entered. Accordingly, reconciliation of figures of payments through MO was being done manually.

### **3.5.11 Data Depository System**

#### **3.5.11.1 Incomplete and inaccurate data in master file**

As per the project report, data structure of DDS was created with the General Provident Fund (GPF) Number of an employee as an unique Identification Number. Scrutiny of data revealed that same GPF numbers were entered for more than one employee as well as different GPF numbers were entered against same employee. 1,016 irregular GPF Identification Numbers were noticed in the test checked treasuries. Thus, the objectives of the project like use of data by the deduction collection agencies for collection of schedules in electronic form and budgetary control could not be achieved.

Same GPF numbers were entered for more than one employee as well as different GPF numbers were entered against same employee. 1,016 irregular GPF Identification Numbers were noticed in the test checked treasuries.

As per the provisions of Rule 56 of Rajasthan Service Rules Volume- I, the employee retires on the last day of the month in which he/she attains the superannuation age and last day of the previous month if the date of birth is first of the month. In 42,612 cases the date of retirement was in the middle of the month in which the employee would attain the superannuation age.

### **3.5.11.2 Non-validation of input data**

The State Government revised (June 2004) the age of retirement from 58 years to 60 years. The date of retirement in the database should have also been revised accordingly but the system was still accepting the date of retirement as 58 years instead of 60 years. There were 48,019 cases where the date of retirement was before attaining the age of 60 years and in 1,186 cases the date of retirement was even less than 58 years of age. In 162 cases the date of retirement was blank.

There was no validation of input data. There was no linking between Designation and Pay-scale; a clerk drawing Rs 3,050 may also be shown in the pay scale of Rs 18,400-Rs 22,400.

There was no check in the software for rejecting the duplicate bill number of the same Drawing and Disbursing Officer. In 5,618 cases involving Rs 65.20 crore duplicate bill numbers were entered during 2005-07 under different voucher numbers.

The objectives of personnel management and budgetary control were to be achieved through a depository of employee data, the data could not be used to fulfill it.

### **3.5.12 Conclusion**

Absence of any policy towards deployment in treasuries and inadequate training to the treasury personnel led to uncontrolled operations in the TCS. Implementation of untested software, lack of change management and version controls, poor documentation led to unsynchronized operations. Lack of appropriate input controls and non-mapping of business rules led to presence of inaccurate and incomplete data in the system making the data unreliable. Due to absence of the internal control, check on the inaccuracies and incompleteness in the data could not be ensured. The Department also did not have any backup policy to ensure the continuity of the operations. The Department could not derive full benefits from the application as it did not utilise all the available features in the application and continued with manual operation. Lack of the WAN restricted the utility of the system in centralised compilation of data and use of the system for any financial management. In the DDS, lack of input and validation checks made the data unreliable for meeting the objectives of personnel management and budgetary control through the DDS. Thus, the systems of TCS and DDS could not be used gainfully.

### **3.5.13 Recommendations**

- Compliance to various financial rules and regulations and other manual provisions should be ensured and provisions made in the software.
- Policies regarding staff, training, security, password, retention of data, backup, change management and documentation of system should be prepared, documented, implemented accordingly and users should be aware of them.
- Internal controls should be in place to ensure utilisation of system and correctness of data.
- Input controls and business rules should be built into the software.
- Backup Policy along with Disaster Recovery Plan and Business Continuity Plan should be prepared, tested periodically and users must be made aware of their role in case of disruption of operations.
- A WAN should be established and online system should be developed to ensure uniform and centralised processing of data to generate desired reports for financial management.

The above points were reported to Government in July 2007; their reply has not been received (September 2007).