

CHAPTER-IV AUDIT OF TRANSACTIONS

4.1 Fraudulent drawal/misappropriation/embezzlement/ losses

HIGHER EDUCATION DEPARTMENT

4.1.1 Short realisation and suspected misappropriation of sale proceeds of examination forms

Poor maintenance of records and lack of monitoring by a University led to short realisation of sale proceeds of examination forms (Rs 80.20 lakh) and possible misappropriation of sale proceeds of 53,960 forms (Rs 21.58 lakh).

Budget, Financial and Accounts Rules, 1997¹ stipulate maintaining a demand and collection register of the programme/activity by the Officer-in-charge, to ensure that all sums due are promptly assessed, realised and accounted for.

University of Bikaner (University) has been conducting examinations of various courses every year. For appearing in examinations, eligible candidates have to apply on prescribed form which is made available to student at Rs 40 per form and the sale proceeds thereof is accounted for as receipt of the University.

During the period between December 2003 and January 2006, University printed 4,20,161 examination forms. As per the entries in the Stationery Register on 31 August 2005, 2,63,000 forms were issued to Examination section for further issuing them to respective colleges/University counter for sale and there was a balance of 20,000 forms. Remaining 1,37,161 forms were not found entered in the Stationary register.

A test check (November 2006) of records of the University showed that 3,46,201 students had appeared in main and supplementary examinations during 2004-06. Accordingly, sale proceeds of Rs 138.48 lakh (at Rs 40 per form) were to be credited in the University accounts. Against this, only Rs 58.28 lakh had been received and credited to University accounts. Thus, non-maintenance of the demand and collection register by the Controller of Examination of University and other necessary records to correlate total forms available, issued to various colleges and received back and taken in stock resulted in short realisation of Rs 80.20 lakh by the University.

1. Para 48 of the University of Bikaner Act, 2003 *suo-moto* adopted Budget, Financial and Accounts Rules, 1997 of Maharishi Dayanand Saraswati University, Ajmer.

Further, considering the fact that at least 3,46,201 forms were sold, there was shortage of 53,960 forms. Possibility of misappropriation of the forms (sale value: Rs 21.58 lakh) cannot be ruled out particularly in the context of large number of forms remaining unaccounted for.

Thus, poor maintenance of records and lack of monitoring by the University led to short realisation of sale proceeds of forms (Rs 80.20 lakh) and possible misappropriation of sale proceeds of 53,960 forms (Rs 21.58 lakh).

While accepting the failures of the University, Government stated (June 2007) that as against Rs 138.48 lakh receivable from various colleges/University counter, Rs 95.20 lakh had been received and Rs 1.73 lakh adjusted towards commission charges payable to the colleges. Efforts are being made to recover the remaining amount of Rs 41.55 lakh. Government was, however, silent about possible misappropriation of sale value of 53,960 forms.

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.1.2 Loss due to non-availing of the benefit of exemption of Excise Duty

Failure of the Chief Engineer, Public Health Engineering Department in inserting a specific clause regarding refund of Excise Duty in the rate contract resulted in loss of Rs 1.29 crore to Government.

The General terms and conditions of the Director General of Supplies and Disposals' (DGS&D) rate contract provide that in case refund of Excise Duty (ED) obtained by the contractor is not refunded to the paying authority, the same would be recovered from the contractor.

Chief Engineer (CE), Public Health Engineering Department (PHED) executed (December 2005) the rate contract for supply of Centrifugally Cast Ductile Iron (spun) pipes with a private firm in New Delhi. The rates were inclusive of ED and rate contract was valid upto 15 October 2006. The firm supplied 94,204 metre pipes at a cost of Rs 9.50 crore (including ED and Central Sales Tax at 16.32 *per cent* and 4 *per cent* respectively) during February 2006 to April 2006.

Test check (April 2007) of the records of CE, PHED showed that the firm had intimated (October 2005) the CE, PHED (Headquarters), Jaipur about availing of refund of ED from the Excise Department as the ED was exempted under incentive scheme 2001 for economic development of Kutch District (as per the Government of India notification of July 2001). Despite this, no specific clause regarding refund of ED similar to that as contained in DGS&D rate contract was inserted in the rate contract by the Department. It was noticed that though the supplier firm obtained refund of ED, it did not pass on the benefit to the Department. Government, thus, suffered a loss of

Rs 1.29 crore due to payment of ED on procurement of pipes, as the CE, PHED failed to insert the necessary clause to get the refund or recover the ED paid to the contractor.

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

4.2 Infructuous/wasteful expenditure and overpayment

MEDICAL EDUCATION DEPARTMENT

4.2.1 Excess payment of electricity charges due to non-claiming of rebate

Failure of the hospital authorities in claiming the rebate resulted in excess payment of Rs 40.36 lakh to Jaipur Vidyut Vitran Nigam Limited. Besides, there was loss amounting to Rs 21.83 lakh towards interest on the rebate amount.

Tariff² for supply of Electricity-2001 of *Jaipur Vidyut Vitran Nigam Limited* (JVVNL), provides that the consumers of bulk supply for mixed load³ who take the supply of power with contract demand between 50 and 1500 Kilo Volt (KV) Ampere with 11 KV voltage supply shall be given a rebate of 7.5 *per cent* on the billed amount.

Test check (August 2004) of the records of the Superintendent, Sawai Man Singh Hospital, Jaipur (Hospital) and information obtained (February 2007) disclosed that such rebate to the Hospital, having power connection at 11 KV was neither allowed by JVVNL in the monthly bills from May 2001 to January 2004 nor claimed by the Hospital. This resulted in excess payment of Rs 40.36 lakh made by the hospital. Though JVVNL allowed the rebate from February 2004 onwards, the hospital authorities did not take up the matter for adjustment of the rebate from the earlier bills. The hospital authorities became aware of the said provisions only when pointed out by Audit (August 2004) and took up (September 2004) the matter with JVVNL for adjustment of rebate admissible for earlier periods. Meanwhile, on a review petition of JVVNL, Rajasthan Electricity Regulatory Commission (RERC) decided (July 2006) that the amount charged in excess from the monthly bills for the period May 2001 to February 2003 should be adjusted against the monthly bills of August, September and October 2006 otherwise interest at 12 *per cent* per annum would also be payable.

The amount in question was neither adjusted in the bills of subsequent months nor refunded (February 2007) by JVVNL as the hospital authority was even not aware about the decision of the RERC. Besides, the matter for adjustment

2. Applicable from 1 April 2001.

3. Consumers having more than one supply point in one premises.

of admissible rebate for the period from March 2003 to January 2004 had also not been taken up with the JVVNL.

Thus, failure of the hospital authorities in claiming of due rebate resulted in excess payment of Rs 40.36 lakh to JVVNL. Besides, there was loss amounting to Rs 21.83 lakh (March 2007) towards interest⁴ on the rebate amount.

Government stated (August 2007) that efforts were being made for adjusting the amount of rebate.

TECHNICAL EDUCATION AND PUBLIC WORKS DEPARTMENTS

4.2.2 Wasteful expenditure due to defective construction of building

Defective construction of Industrial Training Institute building led to wasteful expenditure of Rs 66.24 lakh.

State Government accorded (July and August 1995) administrative sanction for Rs 65 lakh and financial sanction for Rs 34 lakh for construction of Industrial Training Institute (ITI) building at Bakani (District Jhalawar). Five acres of land in *Khasra*⁵ number 1338 was allotted (February 1996⁶) by the District Collector, Jhalawar for construction of ITI building. The work was to be executed through the Executive Engineer, Public Works Department (PWD) Division, Jhalawar.

The building constructed (July 1997) at a cost of Rs 66.24 lakh was handed over (August 1997) to the Superintendent, ITI, Bakani. Within three years, a portion of the building was damaged (June 2000) and got separated due to subsidence of land. In July 2001, Assistant Engineer (AEN), PWD, Sub-Division, Bakani intimated that the building was in dilapidated condition and beyond repairs and suggested to vacate it. In March 2003, Director, Technical Education, Jodhpur ordered to abandon the damaged portion, but the matter regarding repair of damaged portion or shifting of the ITI remained in correspondence with the PWD authorities upto August 2006 till a major portion of the building collapsed. The candidates were shifted (October 2006) to ITI, Jhalawar. The building was declared (November 2006) non-repairable by the Chief Engineer, PWD, Rajasthan, Jaipur. For construction of new ITI building an estimate of Rs 1.98 crore was submitted (September 2006) by AEN, PWD, Sub-Division, Bakani to Superintendent, ITI, Bakani, Jhalawar.

Test check (March 2007) of the records of Superintendent, ITI, Bakani showed that building of ITI, Bakani was constructed by PWD authorities without conducting soil tests and designing proper foundation before starting

4. Calculated at 12 *per cent* per annum.

5. Means plot number with details as used in Revenue Department.

6. As the cremation ground was falling in the land of *Khasra* number 1338, the adjoining land in *Khasra* number 1257 was approved subsequently (August 2001).

construction work. Besides, the Superintendent, ITI, Jhalawar reported (March 1996) to District Collector, Jhalawar that the site was unsuitable for construction of building due to lying in the area of overflow of accumulated rainwater. However, no action was taken either by the District Collector or the Directorate of Technical Education to allot alternate suitable site for the purpose. Even the PWD authorities did not take-up the remedial measures as regards designing foundation properly keeping in view the effect of seepage of adjoining tank water on the building. Despite reporting of formation of cracks and fissures in roof and walls by the Superintendent, ITI, Bakani in March 1997 and settlement in foundation and consequent separation of a part of the building in July 2000, no action was taken to repair the damaged building.

Thus, the building was constructed without conducting soil test and on defective design of foundation which resulted in the expenditure of Rs 66.24 lakh wasteful.

Government in Technical Education Department attributed (July 2007), the lapses to PWD. Government in PWD stated (August 2007) that responsibility on officers for not conducting soil test before construction of the building and not designing foundation properly was being fixed.

WATER RESOURCES DEPARTMENT

4.2.3 Wasteful expenditure on dam constructed at unsuitable site

Selection of unsuitable site for dam and execution of sub-standard work thereon caused breach of the dam in its first filling rendering the expenditure of Rs 46.40 lakh wasteful.

The Chief Engineer (CE), Water Resources Department (WRD), Jaipur issued instructions (March 1992) to carry out thorough investigations/testing of soil before formulating proposals for restoration and construction of tanks, as case studies of breached tanks in Jodhpur Region revealed construction of tanks without investigation/test of soils used on the dam.

The Government accorded (February 1997) administrative and financial sanction of Rs 55.07 lakh for constructing Samar Sarovar Minor Irrigation Project (MIP) to provide irrigation facilities in 379 hectare cultivable command area of Thanagaji (District Alwar). The Dam completed in December 2002 at a cost of Rs 46.40 lakh breached near *nallah* portion (133 to 165.50 metre) in first Monsoon rainfall on 19 June 2003. Superintending Engineer (SE), WRD, Circle Bharatpur instructed (November 2004) the Executive Engineer, WRD, Alwar Division to obtain opinion of the Geologist, Mines and Geological Department, Alwar for remedial measures/reconstruction of the dam. Geologist, Alwar observed (December 2004) that the site was not suitable for reconstruction of dam as the rock (mica schist) found was poor in strength to prevent water seepage.

Though a revised estimate for Rs 2.17 crore was submitted (February 2007) to SE, WRD, Circle Bharatpur for restoration of dam, the CE and SE did not find the site suitable for MIP and the dam was still lying damaged.

Scrutiny (May 2005) of the records of Executive Engineer (EE), WRD, Division, Alwar and further information collected (December 2006) revealed that while selecting the site for dam, the Department had not carried out thorough investigations and testing of soils. The strata tested through trial pits on dam line were classified as soft rock and no geological investigations viz. mechanical/chemical analysis of strata was conducted. Had the Geological investigations of rock carried out prior to dam construction, the correct classification of rock could have been done and wasteful expenditure of Rs 46.40 lakh on dam constructed at unsuitable site could have been avoided.

Government stated (June 2007) that action was being taken against the defaulting officers and orders had been issued (April 2007) by CE, WRD, Jaipur for preparing MIP afresh after conducting survey of different sites as the existing site was not suitable for construction of MIP. This indicated that expenditure incurred on construction of dam at unsuitable site had gone waste.

4.3 Avoidable/excess/unfruitful expenditure

EDUCATION DEPARTMENT

4.3.1 Unfruitful expenditure on computer education programme

Due to slackness in planning and implementation objective of the scheme of providing computer education to students remained unachieved rendering the expenditure of Rs 12.27 crore largely unfruitful. Besides, 805 computers costing Rs 3.20 crore were purchased in excess of requirement.

Eleventh Finance Commission recommended (July 2000) upgradation grant of Rs 13.76 crore for computer training to school children in the State for the period 2000-05. The power to sanction individual schemes as well as to determine the unit costs was vested with the State Level Empowered Committee (SLEC) headed by the Chief Secretary.

The SLEC decided (February 2001) to establish District Computer Training Centres (DCTCs) at each of the 32 district headquarters in selected Government Senior Secondary School at the cost of Rs 43 lakh⁷ per centre for imparting training to students of classes VIII to XII of Government and recognised schools. The centres were required to be commenced from July 2001.

7. 40 Hardware, software, printer etc.: Rs 15 lakh; Building: Rs 5 lakh; Furniture: Rs 1.70 lakh; Accessories-AC: Rs 1.50 lakh; Consumables for four years: Rs 4 lakh; Maintenance and repairs for three years: Rs 3 lakh; Water and electricity etc. for four years: Rs 6 lakh and Training for four years: Rs 6.80 lakh.

Government released Rs 11.07 crore (June 2003: Rs 5 crore, August 2003: Rs 6.07 crore) to the Director, Secondary Education, Bikaner for purchase of hardware, furniture, accessories, consumables and construction of buildings for 32 DCTCs. District Level Committees formed by the Department and headed by District Collectors purchased the items for training centres and installed computer hardware/software at the DCTCs during March 2004 to August 2005. The buildings for the training centres were handed over by Public Works Department to the schools identified for imparting training during April 2004 to June 2005. As of March 2005, Rs 12.27 crore was spent by the Department on the Project.

Test check (March 2007) of records of the Director, Secondary Education, Bikaner showed that out of 32 DCTCs established as of 31 March 2007, only 23 imparted training to 8,434 students during 2005-07 as against total estimated 1.08 lakh⁸ students. The remaining DCTCs did not start functioning as no instructor was posted as of March 2007.

Further, as against 1280 computers required for 32 DCTCs, 2085 computers were purchased resulting in excess purchase of 805 computers costing Rs 3.20 crore. These computers dispersed for sub-training centre at sub-divisional offices also remained non-functional due to non-setting up of the centres.

Thus, due to slackness in planning and implementation of the scheme, the very objective of providing computer education to students remained unachieved rendering the expenditure of Rs 12.27 crore largely unfruitful. Besides, 805 computers valuing Rs 3.20 crore were purchased in excess of requirement.

Government stated (August 2007) that training has been imparted to 8,434 students upto 31 March 2007. The fact remains that despite spending Rs 12.27 crore, only 8,434 (eight *per cent*) students were imparted computer training which indicated poor implementation of the project.

INDIRA GANDHI NAHAR DEPARTMENT

4.3.2 Unfruitful expenditure on construction of distributaries and its minors

Lack of planning of the Department in considering construction of syphon aqueduct/Cross Drainage work on Rajiv Gandhi Lift Canal led to non-utilisation of distributaries system rendering the expenditure of Rs 6.66 crore unfruitful.

Project Estimates of the Phalodi Lift Canal (PLC) (now Guru Jambheshwar Lift Canal) off taking from km 1121 (L) of Indira Gandhi Main Canal were revised in 1993 for Rs 168.50 crore to provide irrigation in 62,650 hectare (ha)

8. Each student was to be provided training of two hours per day for six weeks i.e. three students could be imparted training at one computer in a day for six weeks hence on 2085 computers 54,210 students per year could be trained.

through the Canal (31 km) and its distributary system (297 km). The estimates, *inter alia*, included provision of construction of 27.400 km long Neta distributary and 19.800 km long Nokh distributary off taking from km 22.500 (L) and km 11.940 (L) respectively of PLC and its three minors⁹. The construction work of Neta distributary (0.000 km to 9.980 km and 10.000 km to 27.400 km) and Nokh distributary (0.000 km to 5.110 km and 5.130 km to 19.800 km) alongwith its three minors had been completed (March 2005) at a cost of Rs 5.75 crore¹⁰ and Rs 2.87 crore¹¹ respectively and irrigation in 1,173 ha¹² as against 12940 ha¹³ only was being provided. The Neta distributary in 20 metre (km 9.980 to km 10.000) length and Nokh distributary in 20 metre (km 5.110 to km 5.130) length where Rajiv Gandhi Lift Canal (RGLC) crossed them was lying incomplete. Further, the Department took the matter regarding construction of syphon aqueduct/Cross Drainage (CD) works with Public Health Engineering Department (PHED) in January 2005 but the work of construction has not yet commenced (June 2007).

Test check (July 2006) of the records of Executive Engineer (EE), 24th Division, *Indira Gandhi Nahar Pariyojana* (IGNP), Phalodi revealed that the Neta distributary and Nokh distributary crossed RGLC of PHED at km 9.980 to km 10.000 and km 5.110 to km 5.130 respectively. To provide flow of water beyond 9.980 km in Neta distributary and beyond 5.110 km in Nokh distributary a syphon aqueduct/ CD work was necessary. However, prior permission of PHED for construction of syphon aqueduct/CD work was not obtained before awarding the work of distributaries and its system neither provision thereof made in the estimates of PLC. Consequently, due to non-construction of the syphon aqueduct/CD work on km 9.980 to km 10.000 and km 5.110 to km 5.130 of PLC, flow of water beyond km 9.980 and km 5.110 in both distributaries could not be provided resulting in non-utilisation of the system beyond km 10.000 and km 5.130 rendering the expenditure of Rs 6.66 crore¹⁴ unfruitful. Besides, beneficiaries were denied irrigation facilities in 11,767 ha¹⁵.

Thus, lack of planning of the Department in considering construction of syphon aqueduct/CD work on RGLC led to non-utilisation of distributary system rendering the expenditure of Rs 6.66 crore unfruitful and denial of irrigation facilities to the beneficiaries in 11,767 ha for the last two years (2005-07).

Government stated (July 2007) that the irrigation facilities could not be provided due to non-construction of water courses and not due to non-construction of CD works. The reply was not tenable because even if the water courses were constructed, the water could have not been provided

9. Dhaleri-II: 4.35 km; Anam: 5.20 km and Nokh: 3.80 km.

10. Upto km 9.980: Rs 1.14 crore and from km 10.000 to km 27.400 alongwith minors: Rs 4.61 crore.

11. Upto km 5.110: Rs 0.82 crore and from km 5.130 to km 19.800 alongwith minors: Rs 2.05 crore.

12. Neta Distributary: 225 ha; Nokh Distributary: 948 ha.

13. Neta Distributary: 5257 ha; Nokh Distributary: 7683 ha.

14. Neta Distributary : Rs 4.61 crore; Nokh Distributary Rs: 2.05 crore.

15. Neta: 5032 ha; Nokh: 6735 ha.

beyond km 10.000 and km 5.130 of Neta and Nokh distributaries due to non-construction of CD works.

MEDICAL AND HEALTH DEPARTMENT

4.3.3 Unfruitful expenditure on pay and allowances of idle staff

Staff of District Tuberculosis centres remained idle after introduction of Directly Observed Treatment with Short Course for Tuberculosis patients and expenditure of Rs 6.99 crore was incurred on their pay and allowances.

After introduction of Directly Observed Treatment with Short Course (DOTS) under Revised National Tuberculosis Control Programme during 1995-2000, hospitalisation of Tuberculosis (TB) patients was not required as they were to be administered medicines regularly by the health workers.

Test check (July 2006) of the records of Medical Officer-in-charge, District TB Centre, Dungarpur and further information obtained from three District TB Officers¹⁶ and Director of Medical and Health Services in respect of 21 centres¹⁷ indicated that there were separate wards for indoor patients in these 25 centres with separate staff. After introduction of DOTS, services of 174 staff¹⁸ were not utilised and remained idle as no patient was admitted in these centres since September 2000. Thus, expenditure of Rs 6.99 crore incurred during 2001-07 on pay and allowances of staff remaining idle proved unfruitful.

Government stated (June 2007) that proposal for transferring the surplus staff sent (May 2007) by the State TB Officer to Additional Director (Administration and Planning) was under consideration. No reasons have been given for non-transferring staff soon after introduction of DOTS in 2000.

DEPARTMENT OF PERSONNEL (LOKAYUKTA SACHIVALAYA)

4.3.4 Unfruitful expenditure on pay and allowances of staff

Expenditure of Rs 1.21 crore incurred during December 2004 to December 2006 on pay and allowances of staff of Lokayukta Sachivalaya rendered unfruitful as the post of Lokayukta/Up-Lokayukta remained vacant.

For redressal of the public grievances and enquiring into complaints alleging corruption or injustice, the Rajasthan *Lokayukta* and *Up-Lokayukta* Act, 1973

16. Alwar, Beawar and Tonk.

17. Baran, Barmer, Bharatpur, Bikaner, Chittorgarh, Ratangarh (Churu), Dausa, Dholpur, Ganganagar, Hanumangarh, Jaipur, Jalore, Jhalawar, Jhunjhunu, Jodhpur, Karauli, Nagaur, Rajsamand, Sikar, Sirohi and Udaipur.

18. Nurse Grade-II (57), ANM (18), Ward Boy (83) and Sweeper (16).

came into force on 3 February 1973. Section 3 of the Act *ibid* provides that *Lokayukta* shall be appointed by the Governor after consultation with the Chief Justice of the High Court and the leader of the opposition in the Legislative Assembly. Section 5(2) of the Act further provides that on the office of *Lokayukta/Up-Lokayukta* becoming vacant the duties of his office be performed by the *Up-Lokayukta* or by a Judge of High Court as nominated by Chief Justice on the request of the Governor until some other person is appointed under Section 3. The *Lokayukta* and the *Up-Lokayukta* would present annually a consolidated report on the performance of their functions to the Governor.

Test check (December 2006) of the records of *Lokayukta Sachivalaya* showed that while the post of *Up-Lokayukta* remained vacant since 25 June 1974, the post of *Lokayukta* has been lying vacant since 27 November 2004. No action was taken under Section 5(2) of the Act to avoid creation of vacuum by reason of vacancy etc. in the office of the *Lokayukta* or *Up-Lokayukta* by nominating a Judge of High Court to perform those duties. Consequently, 2,686 complaint cases (including 910 old cases) received against public servants were pending with the *Lokayukta Sachivalaya* at the end of December 2006 for disposal and not even a single complaint could be disposed of by the *Lokayukta Sachivalaya* during December 2004 to December 2006. Annual consolidated reports on the performance of functions of *Lokayukta* under the Act could also not be presented to the Governor for the year 2004-05 as the post of *Lokayukta* remaining vacant as of January 2007. Thus, Rs 1.21 crore spent on pay and allowances of staff (38) of *Lokayukta Sachivalaya* during December 2004 to December 2006 proved unfruitful.

Government stated (July 2007) that the matter of appointment of *Lokayukta* comes under the discretion at the highest level of the Government and hence no officer/official can be held responsible nor the expenditure incurred on *Lokayukta Sachivalaya* could be held unfruitful. The reply was not tenable as no disciplinary proceedings and preliminary enquiries could be initiated before receipt of the orders of *Lokayukta* on complaints and not a single complaint has been finalised. Thus, the expenditure incurred on pay and allowances of the staff proved unfruitful.

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.3.5 Avoidable extra expenditure on purchase of pipes at higher rates

Imprudent decision of the Department to procure pipes under existing contract at higher rates on the ground of urgency, led to avoidable expenditure of Rs 3.14 crore.

Chief Engineer (CE), Headquarters (HQ), Public Health Engineering Department (PHED), Rajasthan, Jaipur approved (March 2005) the rate contract in favour of a private company of Kolkata for supply of ductile iron

(DI) pressure pipes class K-7 and K-9 (size 200 mm-1000 mm) for Rs 30 crore¹⁹. The contract was valid upto 16 December 2005.

Subsequently, two Notices Inviting Tenders (NITs) for supply of class K-7 and K-9 (size 80 mm-1100 mm) DI pressure pipes for Rs 40 crore and Rs 10 crore were also issued (May 2005) by the CE, HQ, PHED, Jaipur. The financial bids for the same were opened on 2 August 2005 wherein the rates received were 10.50 to 31.97 *per cent* lower than the existing rates. The rates were considered justified (August 2005) due to decrease in steel prices in market consequent upon allowing discount of Rs 2100 per metric ton by the steel manufacturing firm. The new rate contract was executed with the firm on 1 October 2005. Meanwhile, on the recommendation (June 2005) of CE, HQ, Jaipur, Finance Committee (FC) of the PHED, authorised (June 2005) CE, HQ to procure DI pipes upto 50 *per cent* (Rs 12 crore) under existing rate contract of March 2005 on the grounds of urgent requirement with the condition that goods to be procured should be received before opening of pre-qualified bid of new NIT i.e. by 13 July 2005 and if there was downward trend no further authorisation/supply order would be issued. The FC in its meeting (July 2005) decided that the goods as per original commitment of the existing rate contract alongwith 50 *per cent* excess quantity would be supplied by 31 August 2005. The actual supply was made during July 2005 to November 2005.

Test check (December 2006) of the records of CE, PHED, Rajasthan, Jaipur revealed that the Department was aware of the fact that the market trend of steel was going down as per press report in Economic Times of 02 June 2005 as mentioned by the Superintending Engineer and Technical Assistant to Technical Member in his note on the agenda item proposed by CE, HQ for granting permission to take excess procurement of pipes upto 50 *per cent* against rate contract of March 2005. Besides, the excess pipes had been purchased justifying urgent requirement of ACE, Rajiv Gandhi Lift Canal, Jodhpur and ACE, Udaipur who were issued authorisation (July 2005) for issuing supply orders worth Rs 10.62 crore and Rs 1.37 crore respectively. The urgency of the pipes had also not been established as the work order for laying and jointing of DI Gravity trunk main from Jhanwar to Doli ESR and Chirayon Ki Dhani, Bhomadeha-Bhim Project and Umaid Sagar headworks to Loonwas Bhakari GSR were issued to contractors by respective divisions between September 2005 and July 2006 and the DI pipes received (August 2005) had been issued between November 2005 and July 2006 i.e. after opening of the financial bids of the second rate contract.

Thus, imprudent decision of the Department to procure pipes under existing rate contract (old rates) on the ground of urgency led to avoidable expenditure of Rs 3.14 crore on procurement of pipes at higher rates.

The CE, HQ stated (March 2007) that 50 *per cent* excess procurement was made considering increase in the prices of raw material and urgent requirement of the material for the work. The reply was not tenable as the Department was aware of decreasing trend of cost of steel as mentioned by

19. Authorisation issued only for Rs 24 crore.

Superintending Engineer and Technical Assistant to Technical member and there was no urgency of pipes.

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

PUBLIC WORKS DEPARTMENT

4.3.6 Unfruitful expenditure on road lying incomplete due to land dispute

Proposing alignment of road unauthorisedly through private land led to road lying incomplete which rendered the expenditure of Rs 83.73 lakh unfruitful.

Public Works Financial and Accounts Rules (PWF & AR) lay down that clear title of site is a pre-requisite for planning and designing of any work and no work should be commenced on the land which has not been duly made over by the competent responsible Civil Officer. Further, guidelines of *Pradhan Mantri Gram Sadak Yojana* (PMGSY) stipulate that for construction of roads providing land free of cost is the responsibility of State Government and no funds would be provided for land acquisition.

Government issued (November 2004) administrative and financial sanction of Rs 307.42 crore for construction of new road works under PMGSY in various districts of Rajasthan for the year 2004-05 (Phase-IV) with financial assistance from the World Bank. This included construction of 7.90 km long bituminous road from Tiba to Kishanpura (District Jhunjhunu) for Rs 94.20 lakh to provide connectivity to Kishanpura village.

Executive Engineer (EE), Public Works Department (PWD), Division, Jhunjhunu issued (March 2005) work order to the contractor with date of completing the work as 19 December 2005 at a cost of Rs 2.04 crore. The contractor after executing the work of km 0/0 to km 6/575 and km 7/410 to end, left (October 2005) the work incomplete in a stretch of 0.835 km (km 6/575 to km 7/410) due to land dispute. For the work executed, contractor was paid Rs 83.73 lakh as of April 2006.

Test check (June 2006) of the records of EE, PWD, Division Khetri (District Jhunjhunu) disclosed that the land was not acquired before awarding the work to contractor. Even the Memorandum of Understanding (MoU) agreeing construction of road was not got executed from all the land owners/farmers whose land was falling in the alignment of road before finalisation of the proposals for construction of road and land was not got mutated in favour of the Government. Consequently, land owners/farmers in whose land the alignment of road was proposed between km 6/575 and km 6/800 (0.225 km) objected construction of road on the grounds of their building coming in road alignment and stopped (October 2005) the work. The road work was lying incomplete as of January 2007 in a stretch of 0.835 km.

Thus, proposing alignment of road unauthorisedly through private land led to road lying incomplete which rendered the expenditure of Rs 83.73 lakh unfruitful.

Government stated (April 2007) that proposal of road alignment was made after the land owners/farmers agreeing for construction of road by executing MoU prior to commence its construction. The reply was not tenable as the MoU had not been got executed from all the affected farmers. Further, the Department should have got mutated the land in favour of Government prior to commencement of road construction.

4.3.7 Avoidable extra expenditure due to imprudent action of the Department

Delay in making payment of compensation four to seven years after passing the awards by Land Acquisition Officer resulted in avoidable payment of interest of Rs 1.07 crore.

Section 34 of Land Acquisition (LA) Act, 1984 stipulated that payment of compensation is required to be made to the persons entitled after passing of award or before taking possession of the land. In case payment of compensation is not made immediately interest thereon from the date of taking possession of the land until it is paid, is payable at nine *per cent* per annum for the first year and 15 *per cent* per annum thereafter. Thus, compensation has to be paid early to avoid payment of interest thereon.

Test check (February-April 2005) of the records of Public Works Department (PWD), Division-II, Alwar and Division Jhunjhunu disclosed that construction of 15 rural roads²⁰ was completed between August 1985 to April 1999 without payment of compensation for 191 *Bigha 14 Biswa* land²¹. In 10 cases the land acquisition proceedings were initiated only after completion of the road works. In five cases, the land acquisition proceedings initiated between May 1989 and August 1996, were completed between December 1997 and October 2000. The Land Acquisition Officer (LAO) passed award for Rs 2.08 crore in October 2000 for one road and for Rs 78.80 lakh between September 1997 and May 2000 for 14 roads. However, the administrative and financial sanction for payment of compensation was belatedly issued by the Additional Secretary, PWD in October 2004 for Rs 2.73 crore (one road) and Rs 1.10 crore (14 roads). Due to delay in sanction, payment of interest of Rs 1.07 crore (one road: Rs 64.82 lakh, 14 roads: Rs 42.30 lakh) was made to the land owners.

Thus, delay in making payment of compensation four to seven years after passing the awards by LAO resulted in avoidable payment of interest of Rs 1.07 crore.

Government stated (May 2007) that there was delay in issuing administrative and financial sanction and interest was paid as per provisions of LA Act. The

20. Division Alwar: one road; Division Jhunjhunu: 14 roads.

21. Division Alwar: 39 *Bigha 17 Biswa*; Division Jhunjhunu: 151 *Bigha 17 Biswa*.

reply was not tenable because as per provisions of the Act had the payment of compensation been made immediately on possession of land/sanction of award, the payment of interest could have been avoided.

4.3.8 Unfruitful expenditure on incomplete roads

Awarding of work by Executive Engineers before obtaining permission of the Forest Department for dereservation of land led to non-completion of two roads rendering the expenditure of Rs 11.07 crore unfruitful.

Rule 351 of Public Works Financial and Accounts Rules lays down that no work should be commenced on the land which has not been duly made over. Further, pursuant to Supreme Court's orders (November 2000) directing that pending further orders no dereservation of Sanctuaries and National Parks shall be effected, the Government of India, Ministry of Environment and Forest, New Delhi instructed (May 2001) all the State Governments not to submit any proposal for diversion of forest land in Sanctuaries and National Parks without seeking prior permission of Hon'ble Supreme Court. In July 2004 Central Empowered Committee constituted by Hon'ble Supreme Court of India further instructed not to undertake any activities in the protected areas without obtaining prior permission of Hon'ble Supreme Court.

Test check (December 2006) of the records of Superintending Engineer (SE), PWD, NH Circle Jaipur revealed that the work of construction of missing link from km 32/0 to km 42/0 (10 km) of National Highway (NH)-11A (Dausa-Manoharpur section) was awarded (May 2005) to contractor 'A' at 9.89 *per cent* below Schedule 'G' (Rs 12.48 crore) + Schedule 'H' (Rs 0.05 crore) aggregating to Rs 11.30 crore. After executing work worth Rs 10.15 crore the contractor left (October 2006) the work incomplete in a stretch of 1100 metre (km 32/500 to km 33/600) as the alignment of missing link was passing through forest sanctuary. Though the Department was aware of the fact that out of 10 km road, 1100 metre was passing through Jamvaramgarh forest sanctuary and proposal for dereservation of 4.17 hectare forest land were to be sent after seeking prior permission of Supreme Court. The proposal for dereservation was moved (March 2005) to the Forest Department and in anticipation of the permission from the Supreme Court and Forest Department, the work was allotted (May 2005) to the contractor. Consequently, the work was lying incomplete as of December 2006 after executing the work upto 8.9 km at a cost of Rs 10.26 crore rendering the expenditure unfruitful.

Thus, awarding of work by Executive Engineer before obtaining permission of the Forest Department for dereservation of land led to non-completion of road as of May 2007 rendering the expenditure of Rs 10.26 crore unfruitful.

Government stated (June 2007) that efforts were being made for obtaining permission for dereservation of forest land. No reasons have been given for non-obtaining prior approval/clearance from Forest Department before awarding work to contractor.

Similarly, in PWD Circle, Sawaimadhopur, the work of construction of a 8.400 km long approach road from State Highway-30 to Neemlikalan

(District Sawaimadhopur) awarded (June 2003) to Rajasthan State Road Development and Construction Corporation Limited, unit Sawaimadhopur at an estimated cost of Rs 1.45 crore was stopped (July 2003) after executing work in 5.200 km length. Rs 81.13 lakh was spent as of March 2006. Remaining work could not be executed as the alignment of road in 3.200 km²² length was under reserved forest sanctuary. This indicated that no proper survey of alignment of proposed road was conducted before preparing the project report.

Government stated (June 2007) that permission from Forest Department was not taken before awarding the work because as per revenue records the land pertained to PWD. The reply was not tenable because the construction of road has been proposed through reserve forest sanctuary without the prior approval of Forest Department.

4.3.9 Avoidable extra expenditure due to re-tendering of work at higher rates

Failure to observance of codal provisions and financial prudence in re-awarding the work led to sanctioning work at higher rates to the same contractor resulting in avoidable extra expenditure of Rs 30 lakh to the Government.

Public Works Financial and Accounts Rules, Part-II provide that in case the lowest tenderer does not honour his offer after opening of financial bids, the competent authority may negotiate with other qualified tenderers/contractors to get the work done on original sanctioned rates and conditions or from experienced registered non-tenderer contractors if none of the other qualified tenderers agree. Tenders once rejected shall be reconsidered with the concurrence of the Finance Department.

Chief Engineer (CE), Public Works Department (PWD) invited (September 2005) tenders for construction/upgradation of bituminous roads of various districts through 61 packages under *Pradhan Mantri Gram Sadak Yojana*. For construction of four bituminous roads in Barmer District the Additional Chief Engineer (ACE), Jodhpur approved (November 2005) the lowest tendered rate of 17.15 *per cent* below Schedule 'G' aggregating to Rs 1.97 crore including maintenance for five years without any additional cost. Accordingly, Executive Engineer (EE), PWD, Division-I, Balotra issued (21 November 2005) letter of acceptance to the contractor 'A' with the instruction to deposit performance security of Rs 20.84 lakh within 10 days of receipt of the letter. As the contractor did not deposit the performance security in the prescribed period, the ACE, PWD Zone, Jodhpur cancelled (21 December 2005) the tender forfeiting earnest money (Rs 4.78 lakh). Fresh notice inviting tender was issued on the same day (21 December 2005) for the work. The lowest bid offered by the same contractor at 6.97 *per cent* below Schedule 'G' (Rs 2.21 crore) with maintenance at an additional cost of Rs 10.95 lakh (aggregating Rs 2.32 crore) was approved (January 2006) by the ACE, PWD Zone, Jodhpur. Accordingly, work order was issued (February 2006) by the EE,

22. Between chainage km 3/600 to km 6/800.

PWD Division-I, Balotra to the same contractor for completion of the work by 20 November 2006. As of February 2007, Rs 68.64 lakh was paid for the work executed and the work was in progress.

Test check (April 2006) of the records of Superintending Engineer (SE), PWD Circle, Barmer revealed that the contractor had intimated (24 December 2005) to EE, PWD Division-I, Balotra that he was out due to his illness and was willing to execute the work. No action was taken by the Department on his request. His request could have been considered with the concurrence of the Finance Department. Besides, the Department did not negotiate with the second lowest or other qualified tenderers/contractors to execute the work as per provisions of rules. Unwarranted promptness of the Department in cancelling the original tender and inviting fresh tender on the same day without considering the request of the contractor was not justified.

Thus, non-observance of codal provisions and financial prudence in re-awarding the work led to sanctioning work at higher rates (10.18 *per cent*) to the same contractor and avoidable extra expenditure of Rs 30 lakh²³.

Government stated (May 2007) that codal provision of financial rules was not followed as the rate of first tenderer was not workable and observing the procedure as per rules was only a waste of time. The reply was not tenable as the Department failed to act as per provisions of rules in the Government interest and to complete the work without any extra financial burden.

4.3.10 Extra expenditure due to non-finalisation of tender within the validity period

Failure of the Superintending Engineer in finalising the tender within validity period resulted in avoidable extra expenditure of Rs 19.49 lakh. The amount would further increase on completion of the work.

State Government issued (December 2005) administrative and financial sanction of Rs 1.20 crore for modernisation and upgradation of rural roads under Rural Infrastructure Development Fund (RIDF)-XI and State Plan in Rajasthan for five roads²⁴ in Churu District. Accordingly, technical sanctions were issued (July 2005) for Rs 1.20 crore by the Executive Engineer (EE), Public Works Department (PWD), Ratangarh for the same. Chief Engineer (CE), PWD, Jaipur invited tenders for the works in June 2005 and the lowest offer of Rs 91.59 lakh at 19.11 *per cent* below Schedule 'G' was approved in October 2005. Accordingly, the work order was issued (October 2005) by the EE, PWD, Division Ratangarh with stipulated date of completion as 5 March 2006. The contractor refused (November 2005) to undertake the work on the ground that the validity period of the tender had been expired on

23. Rs 2.32 crore (Re-tendered cost including maintenance) less Rs 2.02 crore (Rs 1.97 crore tender sanctioned earlier plus Rs 0.05 crore earnest money forfeited).

24. Sobhasar to Chariya km 0/0 to km 8/0 (VR): Rs 25.60 lakh; Bobasar to Malsisar km 3/0 to km 8/500 (VR): Rs 17.20 lakh; Malsisar to Basi via Badawar km 0/0 to km 5/500 (VR): Rs 17.20 lakh; Rajaldesar to Binnadesar km 0/0 to km 15/0 (VR): Rs 47.40 lakh and Rajaldesar to Simsiya km 0/0 to km 4/0 (VR): Rs 12.60 lakh.

5 September 2005. The work was withdrawn (December 2005) from the contractor and his earnest money (Rs 2.07 lakh) was forfeited.

On re-tendering (November 2005), the work was awarded (December 2005) at Rs 1.13 crore (at 0.07 *per cent* below Schedule 'G'). As of April 2006, payment of Rs 1.09 crore had been made and the work was in progress (July 2007).

Test check (August 2006) of the records of EE, PWD, Ratangarh revealed that the tenders required to be finalised by Superintending Engineer (SE), PWD, Churu within 30 days²⁵ from the date of opening of tender (5 August 2005) were finalised belatedly on 25 October 2005 i.e. after the validity period of the lowest tender expired on 5 September 2005.

Thus, failure of the SE in finalising the tender within validity period resulted in avoidable extra expenditure of Rs 19.49 lakh at contract stage. The amount would further increase on completion of the work.

Government stated (July 2007) that acceptance of tender was communicated to the contractor within the validity period but the contractor refused to execute work and therefore, his earnest money was forfeited. Reply was not factually correct as the work order to contractor was issued on 27 October 2005 after expiry of validity period on 05 September 2005.

WATER RESOURCES DEPARTMENT

4.3.11 Avoidable extra expenditure due to delay in finalisation of tender

Delay in deciding the recoverable share of contribution from the beneficiaries led to rejection of tender and awarding of work at 27.75 *per cent* higher tender premium resulting in avoidable extra expenditure of Rs 1.03 crore.

Rule 322 of Public Works Financial and Accounts Rules stipulates that the tenders should be finalised by the Administrative Department/Board within 75 days from the date of opening of bids.

To provide irrigation facilities to 602 farmers of five villages²⁶ of Kota District in 1900 hectare area, Government accorded (July 1999) administrative and financial sanction of Rs 4.14 crore for construction of Balapura Lift Irrigation Scheme, Kota with the condition that 20 *per cent* cost would be borne by the beneficiary cultivators. Technical sanction of Rs 3.41 crore accorded (April 2003) by Additional Chief Engineer (ACE), Water Resources Department (WRD), Zone Kota, *inter alia*, included providing laying and jointing asbestos cement (AC) pressure pipes for main feeder (Class-15: 5420 metre; Class-10: 8938 metre).

25. The validity period as given in tendered documents.

26. Jakhoda, Kadihera, Galana, Balapura and Bhagwanpura.

The tenders for the work were invited (February 2003) by the ACE, WRD, Zone Kota and lowest offer at seven *per cent* above Schedule 'G' (Rs 3.34 crore) aggregating to Rs 3.57 crore in favour of contractor 'A' was recommended (August 2003) for approval. The tender was returned (May 2004) by Chief Engineer (CE), WRD, Jaipur with the remarks that 20 *per cent* beneficiary contribution be deposited first. As the cultivators could deposit Rs 44.80 lakh towards their contribution as of 4 August 2003 due to their poor condition, the Government reduced (March 2005) the beneficiaries share to 10 *per cent*. Meanwhile, as the matter for reducing cultivator's contribution was under consideration, the Executive Engineer, WRD, Division Kota requested (September 2004) the contractor to extend validity of his Bank Guarantee. The contractor expressed his willingness to undertake the work but requested (March 2005) to permit use of class-15 AC pipes and variation in rates as due to deletion (October 2003) of class 10 AC pipes by Bureau of Indian Standards, these were not being manufactured. While no action was taken on this request, the ACE, WRD, Kota Zone recommended (April 2005) to reject the tender on the plea of non-extending the validity of the Bank Guarantee and non-providing rates of class-15 AC pipes by the contractor 'A'. The CE, WRD rejected (May 2005) the tender and directed to invite fresh tenders after ensuring receipt of 10 *per cent* beneficiaries contribution. Accordingly, revised estimates of Rs 3.74 crore incorporating use of class-15 AC pipes were prepared (May 2005) and the ACE, WRD, Zone Kota invited (October 2005) fresh tenders. Government sanctioned (January 2006) the work at 34.95 *per cent* above the revised Schedule 'G' (Rs 3.67 crore) amounting to Rs 4.95 crore in favour of contractor 'B'.

Test check (March 2006) of the records of CE, WRD showed that the tender could not be finalised in the prescribed period of 75 days from the date of opening of tenders (28 June 2003) due to delay in deciding the share of beneficiaries contribution. Consequently, the tender of contractor 'A' had to be rejected and fresh tenders were invited (October 2005) considering changed specification of AC pipes from class-10 to class-15. Resultantly, the work was awarded at 27.95 *per cent* (34.95 *per cent* – 7 *per cent*) higher rate to Contractor 'B' on revised Schedule 'G' of Rs 3.67 crore (which included AC pipes of class-15).

Thus, delay in deciding the share of contribution from the beneficiaries led to rejection of tender and awarding of work at 27.95 *per cent* higher tender premium resulting in avoidable extra expenditure of Rs 1.03 crore.

Government stated (May 2007) that the tender could not be finalised by the stipulated time due to non-deposition of 20 *per cent* contribution by beneficiaries. Reply was not tenable because the Government took more than a year in deciding the recoverable share of beneficiary contribution.

4.3.12 Avoidable extra expenditure

Failure of the Department in ensuring timely completion of land acquisition process led to payment of compensation at higher cost resulting in avoidable extra expenditure of Rs 83.46 lakh.

Section 11-A of Land Acquisition Act, 1894 (amended 1984) provides that the awards should be passed within a period of two years from the date of the publication of the declaration under Section 6 of the Act and publication under Section 6 be made within one year of the date of publication under Section 4 otherwise the entire proceedings under Section 4 and 6 shall automatically lapse.

Test check (August 2006) of records of the Executive Engineer (EE), Water Resources Division, Karauli revealed that the notification under Section 4 of the Act was published in May 2000 for acquiring 215 *Bigha* land in Birwas village for the Panchana Irrigation Project. The notification did not mention the details of *Khasra*²⁷ number of the plot. As a result, a separate notification for the land was published in February 2002 i.e. after 21 months.

Similarly, the notification under Section 4 of Act *ibid* for acquiring 762 *Bigha* 16 *Biswa* land of three villages viz. Karauli, Gurla, Berkhera published in June 2000 had to be revised and republished (February 2001) in Gazette as the earlier notification was lacking details of *Khasra* numbers of village Gurla. Further, due to non-completion of proceeding under Section 5A of the Act, the notification under Section 6 *ibid* could not be issued within one year from the date of publication of notification under Section 4 *ibid*. As a result, entire proceeding had lapsed automatically.

To avoid further delay, Chief Engineer accorded approval to acquire the land compulsorily under Sections 4 and 17(1) of the Act and notifications for the land in all the four villages were issued in February 2004 (three villages) and June 2004 (one village). Compensation amounting to Rs 5.03 crore (including 30 *per cent* Solatium and 12 *per cent* interest) had been paid by EE, Water Resources Division Karauli during March 2004 to March 2006 to the Land Acquisition Officer (LAO), Karauli for making payment to land holders. As of June 2007 Rs 3.46 crore was disbursed by the LAO.

Had the Department issued correct notification with full details under Section 4 of Act in May/June 2000, the land acquisition process could have been completed by April/June 2003 and compensation paid at the rates applicable²⁸ on May/June 2000. Alternatively, the Department could have acquired the entire land compulsorily under Sections 4 and 17 (1) initially, and avoided extra payment of compensation of Rs 83.46 lakh (*Appendix-4.1*) at increased cost.

27. *Khasra* number means plot number with details as used in Revenue Department.

28. Section 23 (1) of the Act provides that in determining the amount of compensation to be awarded for land acquired under the Act, the market value of the land at the date of the publication of notification under Section 4 shall be taken into consideration.

Thus, failure of the Department in ensuring timely completion of land acquisition process led to payment of compensation at higher cost resulting in avoidable extra expenditure of Rs 83.46 lakh.

Government attributed (July 2007) delay in land acquisition to non-availability of separate post of LAO in the Department and hindrances from farmers. The reply was not tenable because delay was due to non-inclusion of *Khasra* details in the earlier notifications due to which notification under Section 4 had to be re-issued.

4.3.13 Avoidable extra expenditure on account of re-tendering

Failure of the Department in arranging borrow area with sufficient earth before allotment of work led to withdrawal of work at incomplete stage and awarding the remaining work at higher rates resulted in avoidable extra expenditure of Rs 29.31 lakh.

Additional Secretary cum Chief Engineer, Water Resources Department (WRD), Rajasthan, Jaipur issued (November 2001) administrative and financial sanction of Rs 2.79 crore for construction of *Sarsi Ka Naka* Minor Irrigation Project (District Chittorgarh) to provide irrigation in 383.17 hectare (ha). Superintending Engineer, WRD Circle, Bhilwara sanctioned (October 2002) the work of construction of main dam of the Project in favour of contractor 'A' at 18.09 *per cent* below Schedule 'G' (Rs 1.27 crore) aggregating to Rs 1.04 crore. Executive Engineer (EE), WRD Division-I, Chittorgarh issued (October 2002) work order to contractor 'A' with the scheduled date of completion as 13 October 2003.

Notification under Section 4 and 17(1) of Land Acquisition Act, 1894 to compulsory acquire land for borrow area selected for using earth in Dam construction was approved (October 2002) by Chief Engineer (CE), WRD. Due to non-availability of sufficient earth in the borrow area CE, WRD issued (February 2004) another notification under Section 4 and 17(1) *ibid* for acquiring 3.84 ha land (*Khasra* number 87, 88, 2059, 2084) for alternate borrow area. While the action for land acquisition of this borrow area was on the way, one of the land owners sold 2.01 ha land (*Khasra* number 87, 88) to another farmer who filed (March 2005) a writ petition in High Court, Jodhpur against land acquisition. Meanwhile, after executing the work worth Rs 81.25 lakh the contractor stopped (April 2003) the work due to non-availability of soil in borrow area initially selected and non-identification of alternate borrow area. The contractor 'A' expressed (September 2005) his inability to work further. Consequently, Department withdrew (September 2005) the balance work and decided to get the remaining work done by utilising earth available locally and from available land of alternate borrow area.

After inviting fresh tenders Additional CE, WRD, Zone Udaipur sanctioned (December 2005) the balance work to contractor 'B' for Rs 72.77 lakh. EE, WRD Division-I, Chittorgarh issued (December 2005) work order with the date of completion of work as 07 May 2006. As of March 2007 Rs 71.17 lakh had been paid to contractor.

Test check (October 2006) of records of EE, WRD Division-I, Chittorgarh revealed that contractor 'A' stopped the work (April 2003) due to non-availability of sufficient earth for dam construction in the initially selected borrow area because the earth was unauthorisedly lifted (November 2001 to October 2002) by the nearby land owners before awarding work to contractor. Therefore, acquiring land for borrow area without ensuring availability of adequate earth in October 2002 was of no use. Further, sufficient earth was also not available in the alternate borrow area arranged after 16 months (February 2004) by the Department. Thus, failure of the Department in arranging borrow area with sufficient earth resulted in stoppage of the work by the contractor and consequent extra expenditure of Rs 29.31 lakh²⁹ on re-award of the work.

Government stated (August 2007) that the fact of unauthorised lifting of soil from the initially selected borrow area before approval of notification/award of work was not in the notice of the Department and there was no slackness on the part of Department in selection of new alternate borrow area. The reply was not tenable as the Department failed in ensuring availability of adequate earth in the initially selected borrow area before awarding work to contractor and took more than two years in arranging alternate borrow area.

4.3.14 Avoidable extra expenditure due to awarding work at higher tender premium by splitting of work

Non-adherence to guidelines to prepare a single estimate and floating single tender of entire reach of canal led to avoidable extra expenditure of Rs 35.57 lakh on awarding work at higher tender premium by splitting the work.

Public Works Financial and Accounts Rules prohibit splitting of works/tenders by subordinate officers to keep the tenders in their competence. In genuine cases splitting could be done only after prior permission of the competent authority with recorded reasons for splitting. Additional Secretary-cum-Chief Engineer (AS-CE), Water Resources Department issued (October 2002) guidelines for preparation of estimates and invitation of tenders of the canal works (earthwork and lining) of Irrigation Projects³⁰ which, *inter alia*, provided preparation of a single estimate for complete length of canal where discharge is less than one cubic metre per second (cumec).

Four separate technical estimates for remodelling works of Tordi Sagar South canal lining chainage³¹ having discharge between 0.5491 to 0.2686 cumec were sanctioned during December 2004 to June 2006 by Superintending Engineer (SE), Dam circle, Deoli (A, B, C) and by Executive Engineer (EE) Construction Division-III, Bisalpur Project, Deoli in June 2006 (D). Consequently, separate tenders for the chainage A, B, C and D³² were invited in December 2004, March 2005, July 2005 and April 2006 respectively.

29. 57.34 (18.09+39.25) per cent over and above Schedule 'G' of Rs 51.11 lakh of work done and paid to contractor 'B'.

30. Excluding Indira Gandhi Nahar Project and Command Area Development.

31. 892 to 975 (A), 975 to 1140 (B), 1140 to 1292 (C) and 1292 to 1312 (D).

32. Tenders for chainage 'D' were postponed (May 2006).

Tenders for chainage A, B and C were sanctioned at 0.11 *per cent* below Schedule 'G' by SE (December 2004), at 12.75 *per cent* above Schedule 'G' by Chief Engineer, Bisalpur Project, Jaipur (May 2005) and at 17.51 *per cent* above Schedule 'G' by SE (September 2005) respectively. Works have been completed (May 2005 to January 2006) at a total cost of Rs 3.48 crore³³.

Test check (June 2006) of the records of the EE, Construction Division-III, Bisalpur Project, Deoli revealed that instead of preparing a single estimate for remodelling of work of entire Tordi Sagar South canal having discharge less than one cumec from chainage 892 to 1312 for Rs 3.56 crore, four separate estimates for chainage A, B, C and D had been sanctioned by the competent authority and accordingly tender for each chainage invited separately. This was contrary to the provisions of financial rules prohibiting splitting of work estimates. The guidelines issued in October 2002 by the AS-CE, Water Resources Department, Rajasthan, Jaipur specifically provided for preparation of a single estimate and call of tenders for total length of canal having discharge less than one cumec. As a result of separate calling of tenders as per separate estimates and awarding of work of chainage B and C at higher tender premium, avoidable extra expenditure of Rs 35.57 lakh³⁴ had to be borne by the Government exchequer.

Government stated (July 2007) that works were split up with a view to get the canal work completed in time to provide irrigation without delay. The reply was not tenable as the allotment of work in piecemeal was contrary to the provisions of financial rules/departmental instructions.

4.4 Idle investment/idle establishment/blocking of funds

ELEMENTARY EDUCATION DEPARTMENT

4.4.1 Blocking of funds on school buildings

Failure to ensure availability of teachers for new schools before construction of the school buildings resulted in blocking of funds of Rs 4.63 crore on buildings lying unutilised.

Government sanctioned opening of 261³⁵ new primary schools at Kolayat (190) and Nokha (71) blocks in Bikaner District under *Sarva Shiksha Abhiyan*

33. (Rupees in lakh)

Reach	Schedule 'G' Amount of work executed	Tender Premium	Amount paid (Month)
892 to 975 (A)	74.03	0.11 <i>per cent</i> below	73.95(May 2005)
975 to 1140 (B)	138.03*	12.75 <i>per cent</i> above	155.63 (October 2005)
1140 to 1292 (C)	101.15*	17.51 <i>per cent</i> above	118.86 (January 2006)
Total	313.21		348.44

34. Reach 975 to 1140 (B): Excess TP 12.75+0.11=12.86 *per cent* of Rs 138.03*= Rs 17.75, Reach 1140 to 1292 (C): Excess TP 17.51+0.11=17.62 *per cent* of Rs 101.15*= Rs 17.82.

35. February 2004: 230; November 2004:2; December 2004:10; July 2005:15 and November 2005: 4 schools.

(SSA) during the year 2004-06. The District Education Officer (DEO) was to ensure availability of students and teachers as per SSA norms before issuing sanction for opening of new schools.

Scrutiny (November 2006) of the records of District Project Coordinator (DPC), Bikaner disclosed that DPC, Bikaner sanctioned (October 2004 to February 2006) Rs 4.93 crore for construction of 149 new school buildings at Kolayat and Nokha blocks in Bikaner District. The school buildings have been completed at a cost of Rs 4.66 crore during April 2005 to January 2007. Out of these, only one school was functioning at *Nayako Ka Bas*, Dasori and remaining 148 school buildings constructed at a cost of Rs 4.63 crore were lying unutilised for want of teachers. Failure of the DEO in ascertaining the availability of teachers before constructing school buildings led to blocking of funds of Rs 4.63 crore from six to 26 months as of June 2007 denying the education facilities to the students under SSA.

Controller of Finance, Rajasthan Elementary Education Council stated (July 2007) that selection of teachers by Rajasthan Public Service Commission (Commission) was in process and schools would be opened as soon as the teachers are made available by Commission.

Matter was reported to State Government in April 2007; reply had not been received (September 2007).

WATER RESOURCES DEPARTMENT

4.4.2 Unproductive expenditure on Minor Irrigation Projects

Incorrect computation of surplus water for two new Minor Irrigation Projects in the Project reports led to unproductive expenditure of Rs 2.11 crore on construction of Ratan Sagar Deveria and Sanwar Sagar Dothali Minor Irrigation Projects.

Government accorded (July 2004) administrative and financial sanctions for construction of Ratan Sagar Deveria and Sanwar Sagar Dothali Minor Irrigation Projects (MIPs) in Ajmer District for Rs 1.02 crore and Rs 64.08 lakh respectively. These MIPs were planned for gross storage capacity of 0.66 million cubic metre (mcum) and 0.34 mcum respectively to provide irrigation facilities in 142.90 hectare area by utilising the surplus water available with the Mundoti Dam (storage capacity: 3.11 mcum) and four other tanks (storage capacity: 4.62 mcum) out of total available runoff of 7.969 mcum from its 50.50 sq mile catchment area as per Strange's table for 20 inch mean monsoon rainfall. Both the projects were in progress and Rs 2.11 crore (Ratan Sagar Deveria: Rs 1.29 crore and Sanwar Sagar Dothali: Rs 82.19 lakh) had been spent on them as of April 2007.

Test check (May 2006) of the records of the Executive Engineer, Water Resources Division-I, Ajmer showed that both the MIPs under execution fell in the up stream/catchment area of Mundoti Dam and the entire catchment

area was intercepted by six³⁶ tanks having total storage capacity of 5.48 mcum. As such against availability of total 7.969 mcum water from 50.50 sq mile catchment area of the Mundoti Dam, 8.59 mcum water could be stored in six tanks and the Mundoti dam. Thus, there was no surplus water available for two new proposed MIPs (capacity: one mcum) which were under execution. While computing surplus water available for these two MIPs, the Department ignored the quantity of water being stored in two tanks viz Alak Sagar Balapura: 0.31 mcum and Narayan Sagar Dhasook: 0.55 mcum existed in the catchment area as it considered storage capacities of only remaining four tanks falling in the catchment area. This indicated that both the above MIPs with storage capacity of one mcum have been sanctioned and got constructed without availability of any surplus water. This resulted in unproductive expenditure of Rs 2.11 crore. The expenditure will further increase on completion of the MIPs.

Government stated (June 2007) that in the initial proposals of administrative sanction, six tanks were wrongly exhibited as intercepting the catchment area of Mundoti Dam and the catchment area of the Mundoti dam has now been worked out as 67.23 sq mile instead of 50.50 sq mile. Thus, the Government has justified construction of two new MIPs considering availability of total water as 11.13 mcum from revised catchment area of 67.23 sq mile of Mundoti dam excluding area intercepted by four tanks only. The reply was not tenable in view of the original MIP proposals wherein the total catchment area of Mundoti was shown 50.50 sq mile intercepted by six tanks.

SANSKRIT SHIKSHA VIBHAG

4.4.3 Blocking of borrowed funds and loss of interest

Failure to establish research centre led to blocking of loan assistance of Rs 4.30 crore for more than three years and non-investing the amount in interest bearing fixed deposit receipts resulted in loss of interest of Rs 55.78 lakh.

The Jagadguru Ramanandacharya Rajasthan Sanskrit University (University), Jaipur proposed (July 2003) establishment of a research centre in the University at a cost of Rs 5 crore³⁷ for continuous special study of various subjects of Sanskrit and editing of rare epics. Consequently, Government of India (GOI) sanctioned (March 2004) Additional Central Assistance (ACA) of Rs 5 crore (Rs 3.50 crore as loan with 10.5 *per cent* interest per annum and

36. Vijay Sagar Akodia: 1.56 mcum; Madan Sagar Akodia: 0.92 mcum; Naya Talab Jhirot: 1.24 mcum; Lapra Talab Banthali: 0.90 mcum; Alak Sagar Balapura: 0.31 mcum and Narayan Sagar Dhasook: 0.55 mcum

37. Honorarium payable to Research scholars: Rs 0.15 crore; Rent for Research and Library building: Rs 0.03 crore; Purchase of (i) published books and rare books, (ii) various equipments and (iii) furniture: Rs 1.24 crore; collection of manuscripts: Rs 0.88 crore; Establishing various laboratories: Rs 2.17 crore; Refresher course: Rs 0.12 crore; Organising lectures: Rs 0.04 crore; Research scholarships: Rs 0.21 crore; Speech efficiency course: Rs 0.04 crore and Construction of auditorium building: Rs 0.12 crore.

Rs 1.50 crore as grant). The loan was for a period of 20 years to be repaid in 20 annual instalments. The State Government transferred (March 2004) the amount in the Personal Deposit (PD) Account of the University.

In April 2004, Rs 1 crore was drawn from the PD Account of the University and kept (May 2004) in Savings Bank Account³⁸ upto January 2005. The amount was then placed in Fixed Deposit Receipts (FDRs)³⁹ and earned interest of Rs 17.71 lakh as of March 2007. Another sum of Rs 3 crore was also deposited (September 2006) in the FDR⁴⁰ for a period of one year and interest of Rs 11.73 lakh was accrued as of 31 March 2007.

Scrutiny (March-April 2006) of records of University and further information collected (March 2007) showed that the University spent only Rs 0.70 crore on purchase of computers and their accessories, books, furniture, fax machine and photo copy machines etc. The work of continuous special study on various subjects of Sanskrit and editing of epics was not taken up due to non-posting of Director. The University's request (March 2004) to convert the loan in to grant was pending with Government for approval as of December 2006. This indicated that the University did not have immediate requirement of funds, and could have been invested in FDRs. Had the University worked out the requirement in time and invested the borrowed funds in FDRs between April 2004 and September 2006, it could have earned an interest of Rs 67.51 lakh⁴¹. This could have been utilised to repay the interest burden on the loan component.

Thus, failure to establish research centre not only led to blocking of loan assistance of Rs 4.30 crore for more than three years but it delayed research activities also. Besides, keeping loan assistance idle instead of investing in interest bearing FDRs resulted in loss of interest of Rs 55.78⁴² lakh.

Government stated (August 2007) that adequate staff was now available and the unutilised funds were proposed to be utilised during 2007-08.

4.5 Regulatory issues and other points

AYURVED DEPARTMENT

4.5.1 Stores and Stock Accounts

Director, Ayurved Department, Rajasthan, Ajmer (Directorate) is responsible for preparation and submission of Stores and Stock Accounts to the Principal Accountant General by 1 July every year⁴³. The stores are

38. Interest rate of 3.5 per cent per annum.

39. Interest rate of 7 per cent per annum to 7.5 per cent per annum.

40. Interest rate of 7.8 per cent per annum.

41. At the interest rate of 7 per cent per annum compounded for three years.

42. Rs 67.51 lakh – Rs 11.73 lakh = Rs 55.78 lakh.

43. Rule 15 A of General Financial and Accounts Rules-Part-II

maintained at four pharmacies⁴⁴, Deputy Director Homeopathy (DDH) Ajmer, Assistant Director Unani, Ajmer, District Ayurved Officers, 'A' Grade Ayurvedic and Unani Hospitals and Dispensaries. Accounts are consolidated at the Directorate. Scrutiny (January and February 2007) of Stores and Stock accounts at the Directorate and four pharmacies disclosed the following:

- ***Preparation and submission of Stores Accounts***

The Director, Ayurved Department is required to submit the stores and stock accounts to Principal Accountant General by 1 July each year. The Director did not submit the accounts in time. Submission of accounts for the years 2001-05 was delayed by 14 months (2004-05) to 33 months (2002-03) and accounts for the years 2005-06 and 2006-07 have not been submitted as of September 2007.

Value of machinery, equipment, tools and plants (METP) of four pharmacies (value: Rs 1.16 crore⁴⁵) and annual depreciation on METP, bedding and clothing have not been included in the accounts for the years 2001-05. Stores/stock of medicines of Ajmer and Jodhpur pharmacies for 2002-03 to 2004-05 and of DDH, Ajmer and Udaipur pharmacy for 2003-04 to 2004-05 have not been included in the consolidated accounts prepared by the Director. Thus, the accounts submitted by the Department did not depict true and fair position of stores of the Department and possibility of pilferage/misappropriation can not be ruled out.

Rule 7(6) of GF&AR provides that where the stores are converted into money, suitable instructions for fixation of price with reasonable accuracy, periodical review and revision of rates should be issued by the Head of the Department. No periodical review for revision of rates has been done and medicines produced at Ajmer and Jodhpur pharmacies continued to be priced at rates fixed in 1990-91. Besides, Job cards for determination of actual manufacturing cost were not maintained properly at Ajmer and Jodhpur. Therefore, true value of medicines was not being exhibited in the accounts.

- ***Acquisition of stores***

Out of allocation of Rs 40.36 crore⁴⁶ items worth Rs 9.18 crore could not be utilised by the Director during 2002-07 due to delay in taking decision for purchase of medicines and plant and machinery. Thirty one plants and machinery items worth Rs 69.78 lakh⁴⁷ procured during 2002-07 were lying unutilised (September 2007) with four pharmacies since their purchase. This showed that purchases have been made by Director without assessing the actual requirement.

44. Ajmer, Bharatpur, Jodhpur and Udaipur.

45. Ajmer (Rs 41.89 lakh), Bharatpur (Rs 23.87 lakh), Jodhpur (Rs 13.90 lakh) and Udaipur (Rs 35.97 lakh).

46. Raw material: Rs 8.73 crore, medicines: Rs 19.08 crore, METP: Rs 12.48 crore and other stores: Rs 0.07 crore.

47. Ajmer: Rs 31.53 lakh, Bharatpur: Rs 7.47 lakh, Jodhpur: Rs 26.36 lakh and Udaipur: Rs 4.42 lakh.

- ***Custody and issue of stores***

Rule 7 of GF&AR provides that the stores should be kept in safe custody in suitable accommodation. In Ajmer Pharmacy Ayurved medicines worth Rs 10.16 lakh stocked (September 2005 to February 2006) near electric panels and in Bharatpur Pharmacy raw material worth Rs 1.33 lakh were destroyed due to short circuit in electricity (February 2006) and by termites respectively. This indicated that safe custody of medicines was not being ensured. Information regarding action taken in the matter was awaited (September 2007).

Analysis of receipts and issues of raw material for medicines in four pharmacies during the year 2002-07 showed that there was a stock of raw material valued Rs 1.04 crore as on 1 April 2002. However, purchase was made every year and stock balance increased to Rs 1.78 crore at the end of 2004-05 and Rs 1.03 crore as of March 2007.

Utilisation of raw material for manufacturing of medicine ranged from 24 per cent to 46 per cent of total available material during 2002-2007. This happened mainly due to non-availability of complete ingredients of medicines and purchases at fag end of the year.

Thus, un-necessary excess purchase of raw material resulted in blocking of Government money. Besides, possibilities of deterioration of raw material also can not be ruled out.

- ***Physical verification of stores***

Rule 12 of GF&AR provides that physical verification of stores should be carried out once in a year by a responsible officer. Head of the Department shall furnish physical verification reports to the Director, Treasury and Accounts (DTA) by 31 May of each year. It was observed that no physical verification reports of 91 units for 2006-07 had been sent to DTA (September 2007) by the Head of the Department. Physical verification of these units was pending for two to 17 years⁴⁸. In absence of physical verification of stores possibilities of shortage, losses, pilferage, and fraud can not be ruled out.

- ***Non-reconciliation of inter-pharmacy transfer of medicines***

Medicines produced at one pharmacy are transferred to other pharmacies for further distribution to hospitals and dispensaries in their areas. During 2002-07, medicines worth Rs 2.37 crore had been transferred by pharmacies whereas the receiving pharmacies received medicines worth Rs 1.63 crore only. Due to lack of proper reconciliation of transfer and receipts of medicines by pharmacies, possibilities of pilferage, misappropriation of medicines worth Rs 73.44 lakh can not be ruled out.

48. 5 units: 17 years; 6 units: 11 to 15 years; 12 units: 5 to 10 years; 21 units: 3 to 5 years; 17 Units: 1 to 2 years and 30 units: NA.

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

CO-OPERATIVE DEPARTMENT

4.5.2 Avoidable interest liability

Improper planning not only resulted in creation of unnecessary interest liability of Rs 63.69 lakh but also deferred the commercial production by three years. Besides, unnecessary retention of funds by the State Government led to avoidable interest liability of Rs 11.65 lakh.

National Co-operative Development Corporation (NCDC), New Delhi released (13 December 2004 to 24 August 2005) assistance of Rs 16.71 crore for rehabilitation of two units of Rajasthan State Co-operative Spinning and Ginning Mills Federation Limited (SPINFED) viz. Co-operative Spinning and Ginning Mills, Gulabpura and Gangapur District Bhilwara to be passed on to SPINFED by State Government with equity share of Rs 5.67 crore within one month. Interest at eight *per cent* per annum was payable and the units were to start production by February 2006. Scrutiny (April 2007) showed that the State Government (Co-operative Department) passed (9 March 2005) on term loan of Rs 9.66 crore to SPINFED with the delay of 55 days which resulted in extra interest liability of Rs 11.65⁴⁹ lakh. Despite utilising Rs 12.16 crore, the units failed to start production by February 2006 due to delay in issue (May-June 2006) of supply orders for machines. Non-utilisation of balances loan assistance of Rs 10.22 crore for nine months led to creation of interest liability of Rs 63.69 lakh.

While Government did not furnish the reasons of delay in releasing the funds to SPINFED and non-utilisation of the loan of Rs 10.22 crore, it stated (August 2007) that efforts were being made to start production by 31 March 2009. Reply of the Government was not acceptable as commercial production had been delayed by more than three years resulting in avoidable interest liability of Rs 75.34 lakh.

DISASTER MANAGEMENT AND RELIEF DEPARTMENT

4.5.3 Loss of interest on Calamity Relief Funds

Non-investment of Calamity Relief Funds in interest bearing securities in accordance with the guidelines for investment, despite recommendation of Public Accounts Committee, resulted in loss of interest of Rs 37.83 crore.

Mention was made in para 3.3.4 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1999-Government of

49. $\text{Rs } 966.47 \text{ lakh} \times 8/100 \times 55/365 = \text{Rs } 11.65 \text{ lakh.}$

Rajasthan regarding loss of interest of Rs 35.93 crore due to non-investment of Calamity Relief Funds (CRF) in the prescribed interest bearing securities. After examining the para, the Public Accounts Committee (PAC) of the 11th Vidhan Sabha (2002-03) recommended that adequate action be taken for avoiding reoccurrence of such lapse in future. In compliance thereof, State Government instructed (June 2004) the Commissioner, Disaster Management and Relief Department (DMRD) for investing CRF strictly as per the prescribed manner.

Test check (January 2007) of the records of Principal Secretary to Government, DMRD disclosed that in contravention to the recommendations of the PAC and instructions issued by Government, the Department failed to invest CRF in the interest bearing securities during 2005-07 (upto December 2006). Non-investment of balances of CRF ranging between Rs 49.22 crore and Rs 425.51 crore in prescribed interest bearing securities resulted in loss of interest of Rs 37.83 crore⁵⁰.

Government stated (May 2007) that the unspent balance of CRF was transferred (November 2005) in State Revenue head for use as a resource for the next plan as per recommendation of the XI Finance Commission and no funds were available for investment during the year. The reply was not tenable as the unspent balance of CRF as of 31 March 2005 was transferred to State Revenue in November 2005 after issuing of guidelines of XII Finance Commission in June 2005 which *inter alia* recommended to treat the unspent balance of CRF as at the end of financial year 2004-05 as the opening balance of CRF for 2005-06.

4.5.4 Irregular utilisation of Calamity Relief Funds

Calamity Relief Funds amounting to Rs 10.89 crore was diverted on hiring of helicopters and on material component of construction works contrary to guidelines.

Government of India instructed (June 1995) State Government to charge the expenditure of identified items only from Calamity Relief Funds (CRF). Aerial survey was not covered under identified items. Comprehensive guidelines issued (September 2005) by Government of Rajasthan, Disaster Management and Relief Department (DMRD) for execution of relief works, *inter alia*, provided that no expenditure from CRF should be incurred on material component for construction of buildings. Instead, the cost of material component was to be borne by dovetailing fund from other Departments/Schemes.

Test check (January 2007) of the records of Principal Secretary to Government, DMRD, Rajasthan, Jaipur showed that DMRD incurred Rs 80.48 lakh out of CRF on hiring of helicopters for survey of drought and flood situation in certain regions of State during 1999-2005, though the survey work was not covered under approved norms/items of works to be taken up under

50. At the overdraft rate of 9 per cent and 8.5 per cent during the year 2005-06 and 2006-07 respectively.

CRF. As per guidelines, expenditure on the items not covered in the guidelines was to be borne from the resources of the Government.

Further, DMRD sanctioned Rs 10.09 crore⁵¹ from CRF for building material for construction of Mid Day Meal Scheme kitchen sheds (14,809), *Anganbadi* Centres (3,568) and *Gramin Shauchalaya* (13,803). Utilisation certificates against these sanctions were not obtained from the executing Departments. Diversion of CRF of Rs 10.89 crore for material component might have affected the relief works as well as generation of employment for the labourers.

Government stated (April and September 2007) that aerial survey was necessary because requirement of food stuff in flood and drought affected areas could only be ascertained after aerial survey and expenditure on material component was done in anticipation of approval of proposed revised CRF norms which are pending consideration of Government of India. The reply was not acceptable because if it was felt necessary to conduct aerial survey for air dropping of food, the expenditure should have been borne out of State budget. Besides, permission of Government of India was not obtained for deviation from the norms/guidelines for utilising CRF.

ELEMENTARY EDUCATION DEPARTMENT

4.5.5 Non-utilisation of funds

Failure of the Department to finalise procedure for purchasing books for libraries of schools resulted in non-utilisation of funds of Rs 4 crore for more than three years.

Government of Rajasthan, Department of Elementary Education accorded (September 2004) administrative and financial sanction of Rs 4 crore for purchase of books to establish 20,000 libraries in Government schools (Primary: 7,500 and Upper Primary: 12,500) at Rs 2,000 per school in the first phase of Action Plan for the year 2004-05.

Scrutiny (February 2007) of the records of the Commissioner, Elementary Education, Rajasthan, Bikaner disclosed that the Departmental Purchase Committee chaired by the Additional Director, Primary Education decided on 16 December 2004 to purchase the books without tenders and sent the proposal on 30 December 2004 for approval of the Government. Despite reminders in January and March 2005 approval could not be obtained. Consequently, the amount was transferred to the Personal Deposit Account of Director, Rajasthan State Educational Research and Training Institute, Udaipur on 30 March 2005. In May 2005, Director, Elementary Education, Bikaner proposed to constitute a State Level Purchase Committee for purchase of books through open tenders, but the State Government decided (October 2005) that books be purchased as per rules on District Primary Education Programme (DPEP) pattern by forming Select Committees. But the Director, DPEP (Primary Education Council) did not take any action. In April 2007, the

51. January 2006: Rs 9.24 crore and February 2006: Rs 0.85 crore.

Commissioner, Elementary Education, Bikaner allotted the funds to 237 Block Education Officers of 32 districts of the State directing them to purchase books as per financial rules. However, funds remained unutilised as of June 2007.

Thus, failure of the Department to finalise procedure for purchasing books for libraries of schools not only resulted in non-utilisation of funds of Rs 4 crore but the children were also deprived of the intended benefits of libraries.

Government admitted (June 2007) that no action had been taken for purchase of books upto March 2007 and Rs 4 crore have now been allotted (April 2007) to the Block Education Officers of all the concerned districts for purchasing books for establishing libraries.

ELEMENTARY, SECONDARY AND HIGHER EDUCATION DEPARTMENTS

4.5.6 Delay in assessment of grant-in-aid

Non-observance of rules/instructions issued by the Department led to payment of excess grant of Rs 6 crore to aided educational Institutions.

Rule 13 of Rajasthan Non-Government Educational Institution (Recognition, Grant-in-aid and Service Conditions etc.), Rules, 1993 provides that any recurring grant received from Government shall not be in excess of the difference between the total approved expenditure⁵² and income⁵³ from fees during that year including other recurring sources of income of Non-Government Educational Institutions (NGEIs). Annual recurring grant given on the basis of estimated expenditure of the current year would be subject to adjustment from the provisional grant payable in the next year. Instances of excess release of grants noticed during test check are discussed below:

During 1999-2005, Government paid provisional grant of Rs 6.94 crore to a private college at Jaipur. Scrutiny revealed that assessment of grant for the period was made as Rs 4.57 crore by the Commissioner, College Education in February 2005 and February 2006, but assessment orders for final grants were issued in May-June 2007. Due to this delay, excess grant of Rs 2.37 crore paid during 1999-2005 could not be adjusted from the grants paid in the subsequent years. The excess payment of grant was Rs 3.04 crore* as Rs 0.69 crore⁵⁴

52. As per Rule 14, approved expenditure includes salary of sanctioned teaching and non-teaching staff alongwith other expenditure with prescribed maximum limits.

53. As per Rule 13 (4) *ibid* and Government directions issued in August 2003 to include actual tuition fees collected from students.

54.

Financial year	Interest from FDs (Rs in lakh)	*Including excess grant (Rs in lakh)
1999-2000	6.68	6.68
2000-01	12.53	12.53
2001-02	1.06	1.06
2002-03	7.57	7.57
2003-04	32.93	32.93
2004-05	8.66	5.69
Total	69.43	66.46

being interest income of the *Mahavidyalaya* was ignored while assessing the grant for 1999-2005 by the Commissioner. Of these, Rs 16 lakh has been adjusted from the provisional grant for 2006-07 at the instance of Audit. Government stated (July 2007) that the Commissioner has directed the *Mahavidyalaya* to deposit excess grant of Rs 2.88 crore with the Government exchequer.

Similarly, while assessing the grants-in-aid in respect of 20 aided Primary schools annual recurring income of the institutes was ignored resulting in payment of excess grant of Rs 1.27 crore during 2003-06. As per the assessment made (March 2006) by the Chief Accounts Officer (under Commissioner, Secondary Education, Bikaner) excess grant of Rs 0.89 crore was paid during 2004-05 to four Senior Secondary/Secondary schools which could not be adjusted in the subsequent years due to delay in assessment. Further, excess grant of Rs 0.80 crore has been paid for the years 2005-07.

Government stated (June-July 2007) that total expenditure of the schools was taken as approved expenditure and no excess grant was paid. The reply was not acceptable as no amendment to the existing rules and procedures had been issued so far by the Government.

FINANCE DEPARTMENT

4.5.7 Excess payment of pension

Failure of the treasury officers to exercise prescribed checks led to excess/irregular payment of pension/family pension amounting to Rs 53.76 lakh.

In Rajasthan payment of pension to State pensioners is made by Public Sector Banks (Banks). Treasury Officers (TOs) are responsible for checking the accuracy of payment of pension, family pension and other retirement benefits made by the Banks with reference to the records maintained by them, before incorporating the transactions in their accounts.

Mention was made in the earlier Audit Reports (Civil)⁵⁵ about excess payments made to State pensioners by Banks. The Public Accounts Committee also recommended (2001-02) that recoveries of excess payment be made, responsibilities should be fixed against defaulting officers, administrative inspection of treasuries be strengthened and steps taken to avoid recurrence of such irregularities in future. In compliance thereof, Department issued (16 August 2002) necessary instructions to the TOs for verification of pension payments by visiting the Banks.

Test check (April 2006 to March 2007) of the records of pension payments made by the Banks involving 23 TOs, however, disclosed that excess/irregular

55. Para 3.9 of 1984-85, Para 3.1 of 1990-91, Para 3.4 of 1993-94, Para 3.2 of 1997-98, Para 3.7 of 1999-2000, Para 4.4.1 of 2002-03, Para 4.2.5 of 2003-04, Para 4.4.1 of 2004-05 and Para 4.1.3 of 2005-06.

payment of superannuation/family pensions was made to 238 pensioners⁵⁶ amounting to Rs 53.76 lakh as detailed below:

S.No.	Particulars	Excess/irregular payments		Recoveries effected at the instance of audit	
		Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)
1.	Non-reduction of family pension after expiry of the prescribed period	117	26.97	99	15.61
2.	Family pension not stopped after the age of 25 years/ marriage/ employment of dependents	3	1.68	2	0.64
3.	Non-reduction of pension after its commutation	21	3.74	20	2.57
4.	Pension credited in Bank Accounts without receipt of life certificates	11	1.84	1	0.52
5.	Pensions paid after death of pensioners	3	0.65	3	0.65
6.	Dearness relief paid to pensioners during the period of their re-employment	5	2.58	5	2.33
7.	Irregular/overpayment of dearness pay	13	4.67	10	2.14
8.	Pension payment to other States wrongly debited	2	0.89	-	-
9.	Pension and Dearness Relief paid at higher rate than admissible	14	3.05	4	0.39
10.	Non-recovery of dues from gratuity.	26	2.37	19	1.69
11.	Violations of Rules and procedures	23	5.32	9	1.78
	Total	238	53.76	172	28.32

The above facts indicate that the irregularities had persisted due to failure of the TOs in conducting concurrent checks of payments made by Banks, despite the recommendations of the Public Accounts Committee.

Government accepted (July 2007) facts and recovered Rs 28.32 lakh at the instance of Audit.

HIGHER EDUCATION DEPARTMENT

4.5.8 Irregular payment of salary to the teaching staff for strike period

Imprudent decision of the University for making payment to the teaching staff for strike period resulted in irregular payment of salary amounting to Rs 97 lakh to staff without approval of Government.

The Hon'ble Supreme Court vide their judgment dated 19 March 1994 upheld that employees were not entitled to wages for the period of strike irrespective of the fact whether the strike was legal or illegal. Further, Condition number 10 of Block grant released by the Government to the University of Rajasthan (University), Jaipur, prohibits University for taking any decision which would

56. Ajmer: 13; Alwar: 10; Banswara: 23; Baran: 1; Barmer: 5; Bharatpur: 3; Bhilwara: 3; Bundi: 3; Chittorgarh: 2; Churu: 3; Dausa: 1; Dholpur: 1; Dungarpur: 3; Hanumangarh: 1; Jaipur: 34; Jhunjhunu: 18; Jodhpur: 86; Kota: 4; Nagaur: 4; Pali: 1; Rajsamand: 6; Sikar: 2 and Udaipur: 11.

reduce its income and increase its expenditure without the approval of Government.

The teaching staff of the University remained on strike from 10 July 2002 to 31 July 2002 (22 days) but the staff has been paid full salary for the month of July 2002. The Government instructed (August 2002) the Vice Chancellor (VC), Rajasthan University to ensure that payment of salary to staff for strike period is not made. As the instructions of the Government were not adhered to, the Government withheld the grants of the University amounting to Rs 3.64 crore for two quarters and released Rs 2.64 crore in February 2003 after deducting Rs 1 crore on account of salary (approx) recoverable from staff remained on strike.

Test check (April 2007) of the records of the University disclosed that the VC of the University issued (August 2002) orders for payment of salary to teaching staff for strike period. The decision of the VC for making payment to the teaching staff of the University for strike period was contrary to the judgment of the Hon'ble Supreme Court and Government instructions. Besides, no decision was taken by VC to recover salary (Rs 97 lakh) from staff for strike period and regularise the strike period.

Thus, imprudent decision of the University in making payment to the teaching staff for strike period resulted in irregular payment of salary amounting to Rs 97 lakh to staff without approval of Government.

Government stated (July 2007) that Government has not approved payment of salary to staff for strike period and Rs 1 crore had been deducted from the grant payable to the University. The excess expenditure due to payment of salary to staff for strike period contrary to instructions of Government has not been recovered from the staff.

4.5.9 Government receipts remaining out of Government account

Delayed action of the Government to recover the receipts from University led to receipts of Rs 4 crore remaining out of Government accounts denying its utilisation for promoting educational activities.

State Government authorised (July 2001) the Jai Narain Vyas University, Jodhpur (University) to conduct Pre-Teacher Education Tests (PTET) for admission to Bachelor of Education degree course for the session 2001-02 with the instruction (September 2001) to retain 10 *per cent* of the net income earned by way of conducting PTET for its own use and remit the remaining 90 *per cent* of net receipts to the Director, Secondary Education (SE), Bikaner for utilisation on promoting educational activities. Government also entrusted conducting PTET to the University for the sessions 2002-03 and 2003-04 in May 2002 and February 2003 respectively.

Test check (April-July 2004) of records of the University and further information collected (April 2007) disclosed that the Vice Chancellor (VC) of the University requested (February 2002) the Government to reconsider its decision of remitting 90 *per cent* of the net income earned from conducting

PTET, 2001 in view of the poor condition of the University and allow its utilisation to meet out its outstanding liabilities. The Government was time and again requested (January 2003, September 2003 and April- May 2006) to waive this condition. However, no decision was taken by the Government as of August 2006. Consequently, of Rs 4.44 crore (2001-02: Rs 1.59 crore; 2002-03: Rs 1.46 crore and 2003-04: Rs 1.39 crore) earned as net income by the University from conducting PTET during 2001-02 to 2003-04, 90 per cent of net income (Rs 4 crore) was not remitted by the University to Director, SE, Bikaner after conducting PTET each year. Thus, the receipts were unauthorisedly utilised by the University to mitigate its liabilities by creating a temporary budget grant of Rs 4 crore. Finally, on the request (June 2006) of VC Rs 2.74 crore had been adjusted (August 2006) by Treasury Officer, Jodhpur out of final instalment of block grant for the year 2005-06 amounting to Rs 6.88 crore. While efforts were not made by the Government to recover the due receipts of Rs 2.74 crore from block grants paid subsequently, it also failed to ensure recovery of receipts of Rs 1.26 crore pertaining to PTET, 2003 out of block grants released to University for 2005-06 and 2006-07.

Thus, lack of monitoring and delayed action of the Government to recover the Government receipts from University led to Government receipts of Rs 4 crore remaining out of Government accounts (Rs 2.74 crore for four years and Rs 1.26 crore as of June 2007 since 2004-05) and resultantly denying promotion of educational activities for beneficiaries.

Government stated (November 2006 and June 2007) that Rs 2.74 crore had been adjusted from final instalment of quarterly block grant of Rs 6.88 crore for the year 2005-06 and University has also been directed to remit Rs 1.26 crore in Government Account.

4.5.10 Irregular expenditure on educational tour subsidy to the staff

In contravention of specific instructions of Government, payment of Rs 34.02 lakh has been made by the University to its staff as tour subsidy which was irregular.

Mention was made in para 6.4 (iii) of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 2000- Government of Rajasthan regarding irregular grant of subsidy for leave travel concession (LTC) to non-teaching staff of Jai Narayan Vyas University, Jodhpur. After examining (June 2002) the para with the Department, the Public Accounts Committee (PAC) viewed the matter seriously. Consequently, the Government instructed (July 2002) all the remaining four Universities⁵⁷ to withdraw the benefit of LTC or other such schemes immediately. Jai Narayan Vyas University, Jodhpur had already withdrawn the scheme in September 2000. Subsequently, the PAC 12th Vidhan Sabha (2004-05) opined that payment of subsidy of Rs 15.82 lakh to staff of

57. (i) University of Rajasthan, Jaipur; (ii) Mohan Lal Sukharia University, Udaipur; (iii) Maharishi Dayanand University, Ajmer and (iv) Kota Open University, Kota.

Jai Narayan Vyas University was contrary to Condition number 10⁵⁸ of block grants released by the Government and recommended to fix the responsibility of the officers/officials responsible for the lapse.

Test check (April 2007) of the records of the Registrar, University of Rajasthan (University) showed that contrary to Condition number 10 of block grant released to University by the Government and further Government's specific instructions to withdraw the benefit of LTC or similar such scheme the University continued to extend the benefits in the form of an educational tour subsidy once in three years to its non-teaching staff at the rate of Rs 1400 per spouse and Rs 700 per individual employees. Expenditure of Rs 34.02 lakh has irregularly been incurred by the University during 2001-07.

Thus, payment of Rs 34.02 lakh made by the University to its staff as tour subsidy, in contravention to condition of the block grant and specific instructions of Government was irregular.

Government stated (June 2007) that granting benefit of LTC by the University without their approval was not proper and the University was being requested to stop LTC facility.

MEDICAL EDUCATION DEPARTMENT

4.5.11 Unauthorised retention of funds

Assistance of Rs 1.29 crore under Chief Minister's Relief Fund was unauthorisedly retained by hospitals and medical societies for one to five years denying the benefit of assistance from Chief Minister's Relief Fund to other needy persons.

Government constituted (April 1999) a Fund titled 'Chief Minister's Relief Fund' (CMRF) by amalgamating various other Funds⁵⁹. Financial assistance upto 40 *per cent* of the cost of the treatment to the poor patients having annual income below Rs 24,000 (except those below poverty line) and suffering from serious diseases like Bye-pass surgery of Heart, Kidney transplant, Cancer etc. could be provided out of this fund. Further, sanctions issued for the assistance of individuals out of CMRF specifically provide that unutilised amount was to be refunded immediately.

Test check (January-February 2007 and March 2007) of the transactions and records relating to assistance provided from CMRF maintained by Superintendent, Associated Group of Hospitals (SAGH), Kota and Member

58. Condition number 10 of block grant released by the State Government to the Universities prohibits Universities for taking any decision which would reduce its income and increase its expenditure without the approval of Government.

59. (i) Rajasthan Chief Minister (CM) Famine and Flood Relief Fund, (ii) Rajasthan CM Hospital Development Fund, (iii) Rajasthan CM General Relief Fund, (iv) Rajasthan CM Security Service Welfare Fund, (v) Rajasthan CM Child Welfare fund, (vi) Rajasthan Development Fund.

Secretary, Rajasthan Medicare Relief Society, (RMRS) Sawai Man Singh, Hospital, Jaipur showed that assistance of Rs 1.47 crore (SAGH, Kota: Rs 1.23 crore and RMRS, Jaipur: Rs 0.24 crore) was sanctioned from CMRF during the period December 2000 to October 2006 to 960 patients (SAGH, Kota: 873 and RMRS, Jaipur: 87) for treatment of serious diseases. Of this, unutilised assistance amounting to Rs 1.29 crore (SAGH, Kota: Rs 1.06 crore and RMRS: Rs 23 lakh) was not immediately refunded to CMRF and was retained unauthorisedly for one to five years.

Retention of unutilised assistance of Rs 1.29 crore was not only unauthorised but it also led to denying the benefit of assistance from CMRF to other needy persons.

Government stated (June and September 2007) that Rs 72.80 lakh have been refunded (May and July 2007) by RMRS, Jaipur (Rs 23 lakh) and SAGH, Kota (Rs 49.80 lakh) to CMRF.

GENERAL

4.5.12 Lack of response to Audit

For early settlement of outstanding Inspection Reports (IRs) and paragraphs, the Government issued (August 1969) instructions to all departmental officers for sending the first reply to IRs within a month and replies to further observations from audit within a fortnight. These instructions were reiterated from time to time. The instructions issued in March 2002 envisaged appointment of nodal officers and Departmental Committee in each of the Administrative Department for ensuring compliance to all the matters relating to audit. Latest instructions issued in June 2005.

As of 31 March 2007, there were 7,373 IRs containing 26,883 paragraphs issued during the period 1982-83 to 2006-07 (upto September 2006) pertaining to 81 Civil and 7 Works Departments pending for settlement as under:

Year	Numbers pending	
	IRs	Paragraphs
Upto 2000-01	1,952	4,828
2001-02	569	1,951
2002-03	731	2,604
2003-04	1,041	3,514
2004-05	1,355	4,856
2005-06	1,023	5,300
2006-07 (upto September 2006)	702	3,830
Total	7,373	26,883

A detailed analysis of 1,346 IRs relating to Secondary Education (309 IRs), Higher Education (149 IRs) and Public Health Engineering Department (888 IRs) revealed that 6,253 paragraphs were outstanding as of 31 March 2007. It was further noticed that first reply of the 14 IRs of the Secondary

Education and 17 IRs of Higher Education Departments were pending for two to 14 years and one to five years respectively.

According to Rule 327(1) of General Financial and Accounts Rules, the retention period for various accounting records ranged between one and three years after audit. Failure of departmental officers to comply with the observations in IRs within the prescribed retention period of records, the possibility of their settlement in future appeared to be bleak due to non-availability of records.

Audit Committees comprising the Principal Secretary/Secretary of the Department and representatives of the Finance Department and Principal Accountant General were formed in 36 Departments out of 88 Departments for taking speedy action on pending audit matters. Finance Department issued (November 2004) instructions for conducting four meetings per year but not a single department adhered to the instructions of Finance Department. Only 41 Audit Committee meetings were held by 28 Departments during the year.

The Government should look into the matter and ensure that procedures exist for (a) taking action against the officials who failed to send replies to IRs/paragraphs within the prescribed time schedule, (b) taking action to recover loss/outstanding advances/ overpayments in a time bound manner and (c) revamping the system to ensure prompt and proper response to the audit observations.