

CHAPTER-IV AUDIT OF TRANSACTIONS

4.1 Fraudulent drawal/misappropriation/embezzlement/losses

Forest Department

4.1.1 Loss due to short recovery on account of compensatory afforestation

Due to short recovery on account of compensatory afforestation, Government sustained a loss of Rs 2.13 crore.

Forest (Conservation) Act, 1980 provide that forest land, can be utilised for non-forest purposes after approval of Government of India. However, compensatory afforestation has to be provided by Forest Department. Besides, cost of compensatory afforestation has to be recovered from the user agency as per model cost of afforestation (mainly based on 93 *per cent* labour cost and seven *per cent* material cost) fixed by the State Government from time to time. The State Government approved (November 1998) rates of Rs 27,500 per hectare for compensatory afforestation, based on daily wage rates of Rs 44 per day. Subsequently, due to revision (November 1999) of rate of daily wages to Rs 60 per day, the proposals (April 2000 and September 2000) of Principal Chief Conservator of Forests (PCCF) for revising rates* of compensatory afforestation, were belatedly approved by State Government in April 2001.

Test-check (August 1999 to May 2002) of 9 offices of Conservators of Forests (CF)/Deputy Conservators of Forests (DCF)/Divisional Forest Officers (DFOs)** revealed that Rs 2.13 crore were either not recovered or were recovered short by the Divisional Officers from 65 private user agencies (Rs 143.01 lakh), two Government departments*** (Rs 13.38 lakh) and Rajasthan State Mineral Development Corporation Limited (Rs 56.27 lakh) for the period November 1999 to March 2001 due to belated proposal of PCCF/decision of State Government and absence of a clause that the rates were provisional and the final demand notice would be issued on the revision of rates with effect from November 1999.

Thus, failure of the department to issue instructions to Divisional Officers to include a clause in demand notices that the rates were provisional led to short

* Compensatory afforestation on non-forest land: Rs 36,700 per hectare; Compensatory afforestation of denuded forest land: Rs 26,000 per hectare: renovation of safety zone internal fencing: Rs 7,480 per 100 running metre. Outer fencing: Rs 7,555 per 100 running metre and renovation of degraded forest: Rs 16,000 per hectare.

** CF, Social Forestry, Ajmer; DCF, Soil Conservation, Karauli; DCF, Social Forestry, Dausa; DCF, Dholpur; DCF, DPAD, Churu; DCF (West), Jaipur and DFOs, Chittorgarh, Kota and Sirohi.

*** Public Works Department, Project Division, Dholpur and Irrigation Division, Chittorgarh.

recovery on account of compensatory afforestation resulting in loss of Rs 2.13 crore.

In response, the State Government admitted the facts and stated (December 2003) that a clause would be included in the sanctions now by virtue of which the difference in rates would be recovered from the user agencies in case of subsequent revision of rates during five years' period.

Irrigation Department

4.1.2 Loss due to non-procurement of cement at DGS&D rates

Due to non-procurement of cement at DGS&D rates the Government sustained loss of Rs 60.24 lakh.

General Financial and Accounts Rules, Part-II Rule 30 stipulate that ordinarily all the purchases shall be made through tenders except in case of items that are on rate contract with Director General, Supplies and Disposals (DGS&D)/Central Stores Purchase Organisation (CSPO) rate contracted firms. Although terms and conditions of annual rate contract are valid for a year, the rates of cement are fixed quarterly as mutually agreed upon by the DGS&D and the cement manufacturers. The rates of cement, however, were not fixed for the quarter January 2001 to March 2001 (due to exorbitant rates offered by the cement manufacturers) and for the brief spell of 1 April to 1 May 2001. On enquiry, DGS&D intimated (September 2002) that no indents were received by them from Irrigation Department during the quarter (January 2001 to March 2001). As per DGS&D rate contract existing with four to 11 firms in Rajasthan for the period April 2000 to December 2000 and May 2001 to March 2002, the supply rate of 43 grade cement was Rs 1,520 to Rs 1,610 and Rs 1,700 per MT respectively including Sales Tax (16 per cent).

Tenders for purchase of cement were sanctioned by the Additional Secretary-cum-Chief Engineer (CE), Irrigation Department, Jaipur and by Additional Chief Engineer (ACE), Kota Zone as under:

S. No.	Zone/Project for which tenders were sanctioned	Date of sanction	Rate (Rs)/per MT	
1.	Jaipur	13.4.2001	Ranging between Rs 2520 and Rs 2700	F.O.R. destination
2.	Udaipur	07.03.2001	2440	Ex-works
3.	-do-	19.5.2001	2368	F.O.R. destination
4.	Bisalpur Project, Deoli	24.2.2001	2640	F.O.R. destination
5.	Kota	24.4.2001	2495	F.O.R. destination

Test-check of records of 10 divisions^{*}, one Circle office and one Zone office and further information obtained from 21 Divisions revealed (April 2001 to August 2002) the following:

- Instead of finalising purchase orders of cement at the available DGS&D rates, tenders were invited (10 November 2000 and 30 December 2000) for purchase of 6100 MT cement by Chief Engineer, Bisalpur Project and by the Executive Engineer, Construction Division I, Deoli during the quarter (October 2000 to December 2000). The procurement of above quantity through open tender instead of through DGS&D rates resulted in a loss of Rs 28.09 lakh.
- Supply orders for supply of 250 MT cement were issued (11 June 2001) by Executive Engineer, Irrigation, Tonk after the rates for the quarter April to June 2001 (2001-2002) were fixed (May 2001) by DGS&D with the result Government had to sustain a loss of Rs 0.44 lakh.
- Supply orders for supply of 6550 MT cement were issued (26 May 2001) by ACE, Irrigation Zone, Udaipur with the condition that the above supply orders will be dispensed with from the date DGS&D rate contract, if any, is finalised. Supply of 3792 MT cement, however, was received by the said Zone even after the DGS&D rate contract was finalised; this resulted in loss of Rs 9.42 lakh.
- The department also failed to include a condition regarding dispensing with the supply orders on finalisation of DGS&D rate contract in case of supply orders placed in March 2001, April 2001 and May 2001 with the result supplies were accepted after finalisation of DGS&D rate contract. Failure to include the above mentioned condition resulted in loss of another Rs 22.29 lakh to the Government.

Thus, due to non-procurement of cement at DGS&D rates, the Government sustained a loss of Rs 60.24 lakh.

The matter was brought to the notice of Government in December 2001 and again in July 2002; reply has not been received (October 2003).

^{*} EE, Irrigation Division: Banswara, Construction Division III- Bisalpur, Deoli Tonk, Jaipur, Bundi Construction Division I, Bisalpur, Deoli II Ajmer, Sawaimadhopur, Dungarpur, II Bhilwara SE, Dam Circle Bisalpur, Deoli, Additional CE, Irrigation Zone, Udaipur.

4.2 Infertuous/ wasteful expenditure and overpayment

Environment Department

4.2.1 Non-recovery of unutilised amount from *Avas Vikas Sansthan*

Failure of the Rajasthan State Pollution Control Board in timely assessment of the actual work executed by the *Avas Vikas Sansthan* and continued payments resulted in excess payment of Rs 42.94 lakh. This amount was lying unrecovered for more than four years.

In pursuance of the agreement signed between Government of India and World Bank under Industrial Pollution Prevention Project, the Rajasthan State Pollution Control Board (Board) awarded (October 1995 and February 1996) the construction of Regional office-cum-Laboratory buildings at five places¹ for Rs 1.14 crore to *Avas Vikas Sansthan* (AVS)² for completion in 10 months.

During test-check (August-October 2002) of the records of Rajasthan Pollution Control Board, Jaipur it was observed that AVS did not adhere to the time schedule for completion of work and executed work valuing Rs 39.72 lakh (as assessed by the Board in January 2001) upto May 1998. However, the Board continued to make payments without ensuring the progress of work and assessing the actual work executed by AVS and paid Rs 82.66 lakh upto August 1998. Thereafter, AVS went (March 1999) into liquidation and the left over work was allotted (June 2001) to Rajasthan State Road Development and Construction Corporation Limited at an estimated cost of Rs 73.99 lakh and was actually completed at a cost of Rs 58.68 lakh. No timely steps were taken to get the refund of unutilised amount of Rs 42.94 lakh from AVS lying unrecovered for more than four years.

The Department while accepting the facts stated (May 2003 and August 2003) that the Chairman, AVS Liquidation Committee had been asked (April 2003) to settle the issue. The fact remains that the amount of Rs 42.94 lakh was lying unrecovered for more than four years and no timely action was taken to get the refund.

The matter was referred to the Government in March 2003; reply had not been received (August 2003).

1. Alwar, Bhiwadi, Jodhpur, Kota and Udaipur.

2. AVS - A registered society of Rajasthan Housing Board.

Panchayati Raj Department

4.2.2 Infuctuous expenditure on highway facility centres

Non-involvement of rural public led to unfruitful expenditure of Rs 4.19 crore on construction of highway facility centres.

In order to generate employment for the rural population and facilitate planned growth of the village and increasing resources of the *Gram Panchayats*, the Panchayati Raj Department decided (1992-93) to construct 27 facility centres on National Highways (NH)/State Highways (SH)¹ in 15 districts. The facility centres envisaged medical help, police post, communication, *Dhabas*, Motels, Petrol Pump, shops and guest houses.

The State Government sanctioned (1994-97) Rs 3.23 crore for seven highway facility centres* in the first phase on NH 8, 11, 12 and SH 4. Rajasthan State Road Development and Construction Corporation (Corporation) Limited, Jaipur created seven facility centres at a cost of Rs 4.19 crore on land provided by Government free of cost as of October 1998. As these centres were not being utilised, the department decided (December 2000) to dispose/sell them by invitation of tenders (May 2001). Since the highest tendered amount of Rs 1.16 crore was far less than the Rs 4.19 crore actually spent, the centres could not be sold. In view of the deteriorating condition of the centres the Finance Department recommended in February 2002 that the Department should either utilise these buildings or dispose them. The department then decided (February 2002) to transfer these assets on "as is where is" basis to Tourism Department for their disposal under Rajasthan Tourism Disposal of Lands and Properties by DOT/RTDC Rules, 1997.

Audit scrutiny (October-November 2002) of the records of Panchayati Raj Department revealed that (i) these centres were constructed far away from villages, (ii) no attempt was made to involve villagers, (iii) these centres were not integrated with infrastructural requirement of the village and (iv) as a result it failed to provide employment to local population and increasing resources of *Gram Panchayats*. Thus, while the expenditure of Rs 4.19 crore (excluding cost of land) did not bring the intended result, an amount of Rs 36 lakh had to be spent on its watch and ward for four years.

In response, the State Government stated (July 2003) that assets have been transferred to Tourism Department for disposal. Further progress was awaited. The facts remains that the assets created worth Rs 4.19 crore could not be used at all.

1. NH 8(6), NH 11 (2), NH 12 (3), NH 14 (2), NH 15 (2) SH 3 (1), SH 4(3), SH 7A (1), SH 8 (1), SH 9(2), SH 28(3) SH 30(1).

* NH 8:Khatoli (Shahpura); Mahala (Jaipur); NH 11: Seemla Gurjar (Dausa) and Rashidpura (Sikar); NH 12: Basni (Bundi); Mandana (Kota), SH 4: Mona doongar (Banswara).

Rural Development Department

4.2.3 Wasteful expenditure due to failure of plantation

Failure to ensure plantation of species indicated in the original Project Report led to a low survival rate ranging from 15 to 20 per cent, resulting in wasteful expenditure of Rs 48.65 lakh on the plantation.

For Development of Watershed in 1800 hectare in Mohangarh *Tehsil* (Jaisalmer district), under Integrated Wasteland Development Programme (IWDP), a Centrally sponsored scheme, revised plan of Rs 170.30 lakh was prepared (February 1997) by Watershed Development and Soil Conservation Department and sanctioned by the Rural Development Department. The work of plantation was executed between November 1995 and September 1996 at a cost of Rs 42.44 lakh. Thereafter, the work was stopped (October 1996) due to lack of funds. The plantation work was re-started (December 1998) and Rs 91.09 lakh was spent upto March 2001. Thereafter, the Project was closed. Rs 44.71 lakh (including interest of Rs 6.40 lakh) was refunded (January 2002) to Government of India.

During examination (November-December 2000) of the records of District Rural Development Agency, Jaisalmer it was noticed that the original Project Report (August 1991) provided plantation of nine species* of plants. Lower priority was to be given to plantation of species – *Prosopis juliflora* and *Acacia tortilis* in the area. Despite this, during November 1995 to September 1996, 79 per cent of the total plantation was of *Acacia Tortilis* species by the Watershed Development and Soil Conservation Department. The survival rate of this plantation at the time of survey (July 1997) was only 15-20 per cent as the area is rocky and *Acacia tortilis* was not suitable. Further, the Project Officer, Forest, Deputy Secretary, Rural Development Department and Additional Collector (Development), Jaisalmer during their inspections (August 1999 and September 1999) also found that the *Acacia tortilis* species was not suitable for the area.

Despite these adverse findings the Department continued to plant (December 1998 to March 2002) these species. Ninety seven per cent of the total plantation (750 ha) was of *Acacia tortilis* plants made at a cost of Rs 48.65 lakh. Thus, selection of unsuitable plant rendered the entire expenditure of Rs 48.65 lakh as wasteful indicating failure of the Department to implement the programme properly.

The Government's (Command Area Development and Water Utilisation Department) contention (September 2002) that the survey reports do not mention failure of plantations due to plantation of above referred species is not sustainable as the original Project Report provided bare minimum plantation of species - *Prosopis juliflora* and *Acacia tortilis* and subsequent evaluation report and inspections also pointed out that the plants of species *Acacia tortilis*

* *Khejri, Rohida, Jhau, Ber, Sisham, Siris, Neem, Prosopis juliflora and Acacia tortilis.*

suffered maximum damage. Thus, failure of the plantation was mainly due to non-plantation of species of plants indicated in the original Project Report. Rural Development Department also contended (August 2003) that low survival rate of plantation was due to non-providing of funds for two years. The reply was not tenable as the funds were not connected to the plantation already made.

4.2.4 Infertuous expenditure on village roads lying incomplete

Failure of the Department in ensuring availability of land before entrusting work to Public Works Department for execution resulted in incomplete village roads, rendering the entire expenditure of Rs 37.60 lakh infertuous.

The Forest (Conservation) Act, 1980 prohibits use of forest land for other purposes without prior approval of Government of India (GOI). Further, Public Works Financial and Accounts Rules lay down that encumbrance free site is a pre-requisite for planning and designing works. Employment Assurance Scheme (EAS) guidelines stipulate sanction of only those works under the scheme that can be completed in two years.

In order to connect two villages, viz. Rahir and Daulatpura with main roads the State Government sanctioned (June 1996) Rs 40 lakh for construction of two gravel approach roads (AR) to Rahir (Rs 16 lakh) and Daulatpura (Rs 24 lakh) in 10 km and 15 km respectively under EAS. The works were started in October 1997 and January 1998 respectively partly through departmental labour and partly through contractors by the Public Works Department (PWD), Division Karauli. The roads were incomplete (July 2003) even after incurring an expenditure of Rs 37.60 lakh (AR Daulatpura: Rs 21.60 lakh, AR Rahir: Rs 16 lakh) as of October 2002.

Test-check (January – February 2001) of records of the District Rural Development Agency (DRDA), Karauli revealed the following:

- The construction of these roads was entrusted to PWD without ensuring availability of land.
- The prior permission of GOI to use forest land was not obtained.
- Though the road alignment was through forest land permission of the Forest Department was not taken before starting execution of road works. Consequently, the Forest Department did not permit (May 1997) the work to continue. The matter was not sorted out with the Forest Department even after six years and construction of road in open segments continued.

In response, the State Government contended (January 2002) that the main aim of EAS was to provide gainful employment to all needy able bodied adults during lean agricultural season; this was achieved and assets created. The reply was not tenable as no assets were created because the roads were yet (July 2003) to be completed and as a result the villagers were deprived of the intended benefits.

4.3 Violation of contractual obligations/ undue favour to contractors

Irrigation Department

4.3.1 Undue benefit to contractor due to payment at incorrect rates

Payment for rock excavation at incorrect rates led to loss of Rs 23.10 lakh and undue benefit to contractors.

Basic Schedule of Rates (BSR), 1995 of Bisalpur Irrigation Circle*, Deoli (rates enhanced by 15 *per cent* in March 1997), provide separate rates for excavation in hard rock blasted including stacking (minimum 40 *per cent*) of usable stones and for very hard compacted jhagia, phyllite, schist etc. requiring blasting (in which less usable stones were received) at Rs 2,152.80 per 10 cum and Rs 1,307.55 per 10 cum respectively.

The Chief Engineer (CE), Bisalpur Project, Jaipur sanctioned (November 1998 – one reach; September 2000 – two reaches) the works of excavation and lining in three reaches** of Right Main Canal of Bisalpur Irrigation Project and work orders were issued (November 1998, October 2000) by Executive Engineer (EE) to contractors A, B and C at 42.30 *per cent*, 27 *per cent* and 27 *per cent* below Schedule 'G' (based on BSR, 1995). Rupees 258.11 lakh*** were paid to these contractors for the above works which included excavation of 48382.57 cum in 'hard rock blasted'.

During test-check (April 2002) of the records of EE, Canal Division-I, Bisalpur Project and from further information obtained (April 2003) it was observed that though no usable stones were obtained from excavation of 48382.57 cum hard rock blasted even then payment was made to contractors at the higher rate (Rs 2,152.80 per 10 cum) applicable for item of 'hard rock blasted' with minimum 40 *per cent* useable stones instead of at the lower rate (Rs 1,307.55 per 10 cum) applicable for less/no useable stones obtained. This resulted in loss of Rs 23.10 lakh (contractor 'A': Rs 14.38 lakh, contractor 'B': Rs 2.62 lakh and contractor 'C': Rs 6.10 lakh) to State Government. The loss would further increase on completion of work.

* A separate BSR for Bisalpur Irrigation Circle

** RD 24.5 to 25 km, RD 50 to 51 km and RD 51 to 51.64 km.

Reach (in km)	Cost of total work done (Rs in lakh)	Less tender premium (In <i>per cent</i>)	Amount paid (Rs in lakh)	Paid upto
RD 24.5 to 25	169.68	42.3	97.91	November 2001
RD 50 to 51	119.90	27	87.53	May 2002
RD 51 to 51.64	99.55	27	72.67	May 2002
Total			258.11	

In response, the State Government stated (July 2003) that availability of usable stones in the item of excavation in hard rock blasted is only estimation and not a requisite condition for payment of item. The reply was not acceptable as payment for excavation of hard rock blasted was to be made only when minimum 40 *per cent* useable stones were received as per Schedule 'G' of the agreement.

4.4 Avoidable/excess/unfruitful expenditure

Finance Department

4.4.1 Excess payment of pension

Failure to exercise prescribed checks by Treasury Officers led to excess payment of pension/family pension aggregating to Rs 31.19 lakh.

State Government introduced (June 1977) a system of payment of pension to State pensioners through Public Sector Banks. The instructions made Treasury Officers (TOs) responsible for checking the correctness of the pension payments made by the Banks with reference to the records maintained by them before incorporating the transactions in their accounts. These instructions were reiterated in March 1980. Mention was made in the reports of the Comptroller and Auditor General of India (Civil) - Government of Rajasthan for the years 1984-85 (Paragraph 3.9), 1990-91 (Paragraph 3.1), 1993-94 (Paragraph 3.4), 1997-98 (Paragraph 3.2) about excess payment to State pensioners by Public Sector Banks.

Test-check of the records of 51 district treasuries (including sub-treasuries) conducted during April 2002 to March 2003 revealed that excess payment of pension/family pension amounting to Rs 31.19 lakh* was made during January 1996 to February 2003 to 218 pensioners/family pensioners by three Public Sector Banks due to erroneous determination of admissibility amount in respect of pension claims. TOs are, thus, not maintaining proper records and exercising prescribed checks, resultantly the irregularities continued as detailed below:

S. No.	Particulars	Number of cases	Excess payment (Rupees in lakh)
1.	Non-reduction of Family pension to lower rate after expiry of the prescribed period	143	22.25
2.	Pension and Relief wrongly paid at higher rates than admissible	49	6.85
3.	Non-payment of pension at reduced rates after its commutation	21	0.95
4.	Non-recovery of outstanding amount mentioned in Gratuity payment order	5	1.14
	Total	218	31.19

* Amount detected by Treasury Inspection parties: Rs 24.98 lakh and Bank audit parties: Rs 6.21 lakh.

In response, the Government stated (November 2003) that recovery of excess amount of Rs 16.18 lakh has been made from pensioners and efforts for lump sum recovery of remaining amount from the banks were being made. Further during discussion (25 November 2003) the Additional Chief Secretary, Finance mentioned that proper check registers have now been maintained by the treasuries and about 758 bank branches making pension payments have already been inspected.

Indira Gandhi Nahar Department

4.4.2 Unfruitful expenditure on construction of sub-minor

Defective planning and non-utilisation of sub-minor for irrigation purposes resulted in unfruitful expenditure of Rs 31.40 lakh besides the cultivators were being deprived of the irrigation benefits.

The Executive Engineer, 29th Division, Indira Gandhi Nahar Pariyojana (IGNP), Jaisalmer allotted (1989-90) the earth work excavation and single clay tile lining of Chawanda sub-minor from RD 0.000 to 20.400 off taking from tail of Deva minor, to various contractors. The work was completed (April 1991 to August 1992) at a cost of Rs 31.40 lakh incurred upto September 1994. Final bill for RD 15.000 to 20.400 was not finalised as of May 2003 due to non-sanction of extra items. The canal was to provide irrigation in Culturable Command Area of 1290 hectare (ha).

Audit observed (September 2002) that the sub-minor completed in August 1992 had not been used by the farmers for irrigation purposes as of August 2002 due to non-construction of water courses for *chaks*. Over time the sub-minor got damaged and blocked due to silt deposition and filling of blown sand therein. Rs 0.73 lakh were sanctioned (August 2002) by the Superintending Engineer, 2nd stage Circle No. III, IGNP, Jaisalmer for removal of blown sand and restoration of the sub-minor.

Non-utilisation of sub-minor for irrigation purposes not only indicated defective planning and resulted in unfruitful expenditure of Rs 31.40 lakh but the cultivators were also deprived of the irrigation benefits for a decade.

In response, the Government stated (July 2003) that five water courses were constructed during 2002-03. The reply was not in consonance with the Chief Engineer, Command Area Development, IGNP's reply (November 2003) that construction of water courses has not been started so far.

Medical and Health Department

4.4.3 Unfruitful expenditure on construction of hospital building and auditorium in the Medical College Campus, Kota

Failure of the Department to provide adequate funds resulted in unfruitful expenditure of Rs 2.55 crore on buildings lying incomplete.

In accordance with norms fixed (March 1999) by the Medical Council of India (MCI), a 1000 bedded hospital was to be constructed in the Medical College, Kota premises to provide better teaching facilities as the existing hospital building was situated at a distance of 15 km from the Medical College. The Principal and Controller, Medical College, Kota sent (October 1994) proposals along with estimates for construction of the hospital as prepared (October 1994) by Public Works Department (PWD) to the State Government. The hospital was to be constructed in three phases (1997-2004) at an estimated cost of Rs 18.18 crore. The first phase for construction of ground floor of the hospital was sanctioned in April 1997. The technical sanction for Rs 6.04 crore was issued (March 1999) by the Additional Chief Engineer, PWD Zone, Kota.

The work of hospital building (first phase) was allotted (June 1999) by the Executive Engineer, PWD, Medical Construction Division, Kota to contractor M/s Gulshan Rai Jain II, Jaipur for Rs 4.40 crore with stipulated date of completion as 23 June 2001. The contractor started (June 1999) the work and an expenditure of Rs 1.85 crore was incurred on masonry work and cement concrete pillars of ground floor of the building (Ist Phase) upto March 2001. Due to cut in plan expenditure by the State Government the work was stopped and was lying incomplete as of November 2003 rendering the expenditure of Rs 1.85 crore unfruitful. Despite the Principal and Controller of Associated Group of Hospitals and Medical College, Kota's request (October 2001) that in the absence of hospital facilities near Medical College the recognition of Medical College, Kota by the MCI would be in question, no efforts were made by the Government to allot the funds and to complete the hospital building.

Similarly, construction of an auditorium at Medical College, Kota sanctioned (March 1994) for Rs 69.90 lakh (Ist phase) was lying incomplete as of November 2003 after incurring Rs 70.26 lakh on civil work (60 *per cent*) upto March 2001 due to non-release of funds for IInd phase.

On being pointed out the Government while accepting the facts stated (November 2003) that due to drought/famine and acute financial circumstances funds could not be released. The Government's reply is not convincing as budget provisions for construction of Hospital building and Auditorium were made by the State Government every year and funds were not released to the extent of budget provisions. The funds released during the years 1999-2002 were also not fully utilised by the department as given below:

(Rupees in lakh)

Year	Budget provision	Amount released		Expenditure	
		Hospital	Auditorium	Hospital	Auditorium
1999-2000	1000	200	13.20	87.53	0.04
2000-01	850	100	25.00	97.63	0.08
2001-02	750	20	50.00	10.10	3.89
2002-03	100	Nil	Nil	Nil	Nil

Despite availability of funds, there was slackness in execution of the project. This delay ultimately would result in time and cost overrun.

Thus, non-completion of the building not only resulted in failure of the Department to provide better teaching facilities but the patients were also deprived of the benefits of the hospital.

Public Works Department

4.4.4 Avoidable expenditure due to acceptance of tenders at abnormally higher rates

Failure of the Department in considering prevailing market rates for analysing different tendered rates resulted in avoidable expenditure of Rs 73.81 lakh.

The Chief Engineer (CE), Public Works Department (PWD) (Roads), Rajasthan, Jaipur invited tenders (September 2001) for construction of various roads under Rajasthan Roads Upgradation and Strengthening Project. The tenders were received/accepted (November 2001) by the Additional Chief Engineer (ACE), PWD, Zone Udaipur for one package and by the Superintending Engineer (SE), PWD Circle, Chittorgarh for two packages. Package-wise details of rates of tenders and payment made were as under:

(Amount: Rupees in crore)

S. No.	Sanctioning authority and Package No.	Schedule 'G' amount	Contractor	Tender premium	Amount	Work order issued	Amount paid (upto date)
1	ACE, PWD, Zone Udaipur RJ-10-01/RUP-2001	1.41 (BSR, 1998)	M/s Chetak Enterprises Pvt. Ltd., Udaipur	2.00 per cent above	1.43	November 2001	1.26 (upto June 2002)
2.	SE, PWD, Circle Chittorgarh RJ-10-02/RUP-2001	1.04 (BSR, 1998)	M/s Balu Lal Somani, Bhilwara	1.98 per cent above	1.06	December 2001	0.46 (upto June 2002)
3.	SE, PWD, Circle Chittorgarh RJ 10-03/RUP-2001	0.95 (BSR, 1998)	M/s Ankita Construction, Nimbahera	18.11 per cent below	0.78	December 2001	0.51 (upto May 2002)

Scrutiny (August 2002) of the records of office of Executive Engineer, PWD Division, Chittorgarh revealed that at the time of accepting the tenders ACE, PWD Zone, Udaipur and SE, PWD Circle, Chittorgarh did not consider the prevailing market rates and rates received in the past for similar works in the area. Consequently, tenders in respect of package No. 01 and package No. 02 were accepted (November 2001) at higher rates of 20.11 *per cent* and 20.09 *per cent* respectively as compared to package No. 03 although all works were executed in Chittorgarh district. It was also noticed that tenders for the same nature of work were accepted at 20.97, 20.01, 17.81 *per cent* (October 1999) and 17.11 *per cent* (January 2002) below Schedule 'G'. This indicated that the Department failed to analyse the rates of tenders and accepted tenders at higher rates, which led to an avoidable expenditure of Rs 33.97 lakh*.

In response, the Department stated (March 2003) that the works were got executed within the ceiling rate of 2 *per cent* above BSR as fixed by the CE in June 2001. The reply was not tenable as the ceiling rate does not prevent the department from getting work done at lower prevailing rates.

- Similarly, in PWD, Circle Udaipur it was noticed that the tenders for one package were to be received by the Additional Chief Engineer (ACE), PWD Zone, Udaipur and for three packages by the Superintending Engineer (SE), PWD, Circle Udaipur by 6 November 2001. Package-wise details of acceptance of tenders by the ACE, Zone Udaipur in November 2001 were as under:

(Amount: Rupees in crore)

S. No.	Package No.	Schedule 'G' amount of BSR, 1998	Contractor	Tender premium	Amount	Work order details	Amount paid (upto date)
1.	RJ-32-05/2001	1.18	M/s G.R. Agarwal Builders & Developers Limited, Udaipur	2.00 <i>per cent</i> above	1.20	December 2001 Executive Engineer (EE), PWD, Division Salumber	1.13 (December 2002)
2.	RJ-32-06/2001	1.02	-do-	2.00 <i>per cent</i> above	1.04	December 2001 EE, PWD, Division Salumber	1.11 (December 2002)
3.	RJ-32-07/2001	1.21	-do-	2.00 <i>per cent</i> above	1.24	December 2001 EE, PWD, Division Salumber	1.15 (October 2002)
4.	RJ-32-04/2001	1.73	M/s Narain Singh Gulab Singh, Himmattnagar	10.00 <i>per cent</i> below	1.56	December 2001 EE, PWD, Division Vallabh Nagar	1.05 (July 2002)

* Package 01- Rs 123.42 lakh X 20.11 *per cent* = 24.82
 Package 02- Rs 45.57 lakh X 20.09 *per cent* = 9.15
 Rs 33.97 lakh

Scrutiny (December 2002) of the records of office of ACE, PWD Zone, Udaipur further revealed that the ACE accepted the single tender of M/s G.R. Agarwal Builders and Developers Limited, Udaipur for packages Nos. 5, 6 and 7 each at 2 *per cent* above Schedule 'G' without analysing and considering the lower tendered rates of packages Nos. 4, 8 and 9 at 10 to 11.63 *per cent* below Schedule 'G' received and accepted during the same period in the nearby area. Thus, department's failure to analyse the rates of tenders and acceptance of tenders at 12 to 13.63 *per cent* higher rates resulted in avoidable expenditure of Rs 39.84 lakh.

In response, Additional Secretary to the Government contended (July 2003) that the works have been got executed within ceiling rate of two *per cent* above BSR as fixed by CE in June 2001/November 2001 and areas where higher rates were accepted, were hilly area and suffered from scanty water and lack of transportation facilities. The reply is not tenable because areas of packages Nos. 5,6,7 and 4 were same (in Kherwara- Dhariawad). Reasons of lack of water and transportation facilities were also not tenable as the work was of upgradation and strengthening of already existing roads and lead charges were already included in item of work.

4.4.5 Avoidable expenditure on unwarranted Bituminous Macadam work on strengthening of road

Execution of 20 mm BM work on strengthening of road in contravention of Central Road Fund guidelines resulted in avoidable expenditure of Rs 28.17 lakh.

Guidelines for Central Road Fund (CRF) works circulated (March 2002) by Chief Engineer, Public Works Department, Rajasthan, Jaipur for improvement of riding quality, *inter alia*, provided for 40 mm Bituminous Macadam (BM) and 20 mm premix carpet (PMC) if the depressions were in the range of 16 to 30 mm. However, 20 mm PMC alone could be laid in case of depressions below 16 mm. Proposals for widening of Nasirabad - Mangliawas road in km 5/0 to 24/200 from 5.5 metres (m) to 7 m and strengthening of whole road (km 0/0 to 24/200) by providing 50 mm BM under CRF at an estimated cost of Rs 3.63 crore were submitted (January 2002) by the Executive Engineer (EE), PWD, District Division, Ajmer. These were reduced (August 2002) by the Ministry of Road Transport and Highways (MORTH) to Rs 1.47 crore as renewal with 20 mm PMC only was approved. Accordingly, sanction for Rs 1.47 crore was accorded (August 2002) by the State Government (in PWD) limiting the scope of work to renewal of road by 20 mm PMC.

However, even before issue (August 2002) of administrative sanction of Rs 1.47 crore, the Additional Chief Engineer, PWD, Ajmer sanctioned (June 2002) the technical estimates for profile correction by 40 mm BM and 20 mm PMC on 44 *per cent* surface of the road at a cost of Rs 46.05 lakh.

During test-check (April-May 2003) of the records of EE, PWD, District Division, Ajmer it was noticed that this work alongwith another work of "Improvement of surface of Ajmer - Pushkar Road km 4.500 to 12/0" was allotted (August 2002) to M/s H.S. Mehta, Ajmer at 4.84 *per cent* below Schedule 'G' aggregating to Rs 2.09 crore. These works were allotted on the basis of tenders invited (April 2002) even prior to issue of administrative sanctions.

Further, during execution of work, the EE's request (October 2002) to grant permission to execute 20 mm thick BM and 20 mm PMC as profile correction in total surface area instead of 40 mm BM on 44 *per cent* surface area as provided in sanctioned estimates was granted (October 2002) by the Superintending Engineer (SE), PWD Circle, Ajmer and work was being executed accordingly. The contractor had been paid (upto March 2003) Rs 1.33 crore for both roads, which included payment of Rs 28.17 lakh for 3462.695 MT BM work and Rs 30.94 lakh for 3780.425 MT of PMC done on Nasirabad - Mangliawas Road. Execution of profile correction by 20 mm BM work in addition to 20 mm PMC was in contravention of MORTH's approval. Thus, execution of unwarranted work of 20 mm BM resulted in avoidable expenditure of Rs 28.17 lakh, which will further increase to Rs 49.80 lakh on completion of estimated work.

In response, Government stated (November 2003) that the sanctioned estimates of the work provided for both 20 mm PMC plus BM work and also stated that the depressions on the road were in the range of 16 mm to 30 mm, which justified the BM work on the road. The fact remains that the renewal with 20 mm PMC only was approved by MORTH, which indicated that the depressions were below 16 mm.

4.4.6 Unfruitful expenditure on construction of incomplete road and approaches to bridge

Failure of the department in proper planning and ensuring availability of adequate funds for the works led to works lying incomplete resulting in unfruitful expenditure of Rs one crore.

- The State Government sanctioned (June 1995) construction of approaches to Kurel Bridge on Keshoraipatan-Khatkar Road at a cost of Rs 40 lakh under Minimum Needs Programme.

The work was allotted (October 1995) to M/s Prakash and Company, Kota for Rs 28.36 lakh who was paid Rs 36.92 lakh for earth work upto March 1996. Since the protection works were not included in the scope of work as such unsafe earth work was washed out during flood of 1996. Rs 60 lakh was again sanctioned (September 1996) for metalling, bitumen and protection works and work was allotted (December 1996) to M/s Kundan Enterprises, Kota (contractor) for Rs 53.66 lakh to be completed by 15 July 1998. However, after having executed work worth Rs 35.48 lakh (including 12,246.52 cum

earth work and protection works costing Rs 22.70 lakh) the work was stopped (June 2000) by the contractor and was subsequently withdrawn (July 2002) at an incomplete stage (without WBM top layer, bituminous carpeting and some protection works) on the ground of paucity of funds. The work was lying incomplete as of January 2003 after incurring Rs 73.60 lakh (including Rs 1.20 lakh incurred on flood restoration in December 2000) and further deteriorated with passing of time during 3-4 rainy seasons due to inadequate protection works.

Scrutiny of records (August 2001) of Executive Engineer, PWD Division, Bundi and further information collected (January 2003) revealed that construction work was sanctioned in piece meal i.e. first earth work, then protection work, metalling etc. and then again earth work without any grounds on record. It was further observed that the estimate for Rs 40 lakh (only for earth work of approaches) was prepared and approved (January 1996) without proper survey and as against 81,143 cum earth work required, actual execution was 1,09,017.49 cum. Besides, protection works were also not included in this estimate as a result the earth work was washed away in rains of 1996. Thus, improper planning of work led to unfruitful expenditure of Rs 73.60 lakh on approaches lying incomplete. Besides, their further deterioration over time would lead to further cost and time overrun.

- It was also noticed (January 2003) that the work of construction of the BT road to Notada (expenditure of Rs 8.69 lakh incurred earlier under Employment Assurance Scheme) allotted (May 1997) to M/s Jain Enterprises, Kota for Rs 34.75 lakh was left (March 1998) incomplete after executing works (mostly Cross Drainage work) worth Rs 6.05 lakh due to non-construction of railway level crossing across the road. Subsequently, remaining work was re-allotted (April 2001) to M/s Narendra Kumar Mittal, Kota for Rs 34.34 lakh. The contractor also stopped work after having executed work worth Rs 11.67 lakh (October 2002) due to non-construction of railway crossing. Even after incurring expenditure of Rs 26.41 lakh (M/s Jain Enterprises, Kota: Rs 6.05 lakh; M/s Narendra Kumar Mittal, Kota: Rs 11.67 lakh and EAS: Rs 8.69 lakh) the work was lying incomplete due to non-construction of railway crossing on the road.

Thus, failure of the Department to ensure proper planning and availability of adequate funds, together with non-construction of railway crossing led to works lying incomplete resulting in unfruitful expenditure of Rs one crore.

While accepting the facts the Additional Secretary, PWD intimated (July 2003) that proposals for completion of remaining work were under consideration and the matter of shifting of railway crossing was also under consideration of Railway authorities. The fact remains that the roads were still lying incomplete denying the public of desired benefits.

4.4.7 Unfruitful expenditure on incomplete works

Failure of the department to acquire land before awarding works and ensuring availability/release of adequate funds resulted in unfruitful expenditure of Rs 2.77 crore on works lying incomplete.

Public Works Financial and Accounts Rules (PWF & AR) lay down that no works should commence unless a proper detailed design and estimate have been prepared, allotment of funds made and land on which work to be executed has not been duly made over by a responsible Civil Officer. Further, said rules also provide that all original works as well as new construction, whether entirely new or additions and alterations to existing works are required to be brought at such a stage that it may be put to use.

During test-check (December 2002, July-September 1999, March 2003 and October-November 2002) of the records of following offices of Public Works Department (PWD), it was observed that the works of construction of roads/quarters were left incomplete after incurring expenditure of Rs 2.77 crore due to non-acquisition of land and paucity of funds:

S. No.	Name of executing agency	Name of work	Amount of administrative sanction	Dates of allotment and completion of work	Month from which work is lying incomplete	Expenditure incurred on the work (Rs in lakh)	Reason for works lying incomplete
1.	Superintending Engineer, PWD, Circle Jodhpur	BT approach road (AR) Banar-Jajiwal Vishnoiyan (Jodhpur district)	Rs 50 lakh	November 1999 August 2000	July 2000	33.84	Due to non-allowing execution of road work by military authority from security point of view (work incomplete in km 0/0 to 1/600).
2.	Executive Engineer (EE), District Division (North), Jaipur	Construction of AR from Chandlai road to Kareda Khurd	Rs 69.62 lakh	July 1997 Feb 1999	September 1999	43.15	After vacation of court stay in two reaches (km 6 and 7) in June 2000, the department failed to acquire the land.
3.	EE, PWD Division II, Alwar	Construction of rural road from Hamirka to Siroli kalan	Rs 46.40 lakh	November 1998 October 1999	October 2002	28.19	Due to non-acquisition of land.
4.	EE, PWD, Division Dungarpur	Construction of AR from Ramsar to Juna	Rs 5.00 lakh	February 1997 May 1997	January 1998	2.58	Due to paucity of funds.
		AR Peeth Duka road to AR Bachhadia	Rs 5.00 lakh	January 1997 June 1997	January 1998	1.37	
		AR Chikhli to Saled road	Rs 13.00 lakh	April 1997 December 1997	January 1998	6.42	

S. No.	Name of executing agency	Name of work	Amount of administrative sanction	Dates of allotment and completion of work	Month from which work is lying incomplete	Expenditure incurred on the work (Rs in lakh)	Reason for works lying incomplete
5.	EE, PWD City Division III, Jaipur	Construction of upper/lower subordinate quarters for RAC Battalion, Jaipur	Rs 39.60 lakh for 36 lower subordinate quarters	March 1995 June 1996	October 1999	33.86	Due to shortage of funds.
6.	EE, PWD Division, Pratapgarh	Construction of road from Talau to Alod Noganwa Bhatoli Bagaran Chikarda-11 km	Rs 85.50 lakh	July 1998 February 2000	December 1999	57.83	Paucity of funds.
7.	EE, PWD Division, Churu	Construction of Bituminous road (21 km) from Gulpura to Dhigrala via Pahadsar Bhegela and Hansiawas	Rs 85.70 lakh	December 1994 November 1995	October 1999	69.43	Due to non-acquisition of land.
					Total	276.67	

It was observed that four works (S. Nos. 1,2,3 and 7) were lying incomplete due to failure of the department to acquire land before starting work and two road works (S. Nos. 4 and 6) and construction of upper/lower subordinate quarters were left incomplete for want of adequate funds.

Thus, failure of the Department to acquire land before awarding works and ensuring availability/release of adequate funds resulted in unfruitful expenditure of Rs 2.77 crore on works lying incomplete.

In response, the Additional Secretary-cum-Chief Engineer, PWD accepted (August 2003) that the works could not be completed by the contractors due to non-acquisition of land, non-availability of funds and non-receipt of revised sanctions of quarters due to increase in construction cost and objection raised by the military authorities.

4.5 Idle investment/ idle establishment/ blockage of funds

Rural Development Department

4.5.1 Unfruitful expenditure due to non-utilisation of Girls' College building

Non-utilisation of Girls' College building constructed at a cost of Rs 49.06 lakh resulted in unfruitful expenditure.

The State Government approved (1995-96) opening of Girls' College at Bundi Headquarters and sanctioned (November 1995) Rs 50 lakh* for construction of new Girls' College building at Chittore road (village Kanjeri Silore). The site was proposed (June 1995) by *Tehsildar* and approved (November 1995) by the then Principal, Girls' College, Bundi. The building was constructed (September 1998) at a cost of Rs 49.06 lakh by the Public Works Department (PWD), Division Bundi and Education Department was asked (September 1998) to take possession. The Principal did not take possession of the building due to non-construction of boundary wall, roads, cycle stand, *chowkidar* room, etc. and as it was 4½ km away from the main city, without regular transport facility for students. The college continued to run in old Jail Campus (a Government building) at Lanka Gate, Bundi.

Test-check (March-May 2001) of the records of District Rural Development Agency, Bundi revealed that neither the provision for construction of roads, cycle stand, *chowkidar* room, etc. was included in the sanction for construction of the college issued in November 1995 nor the possibility of using the existing old jail campus which had sufficient space for extension was explored before construction of the new college building at new site. The new college building was lying unutilised as the college was running in the old building (August 2003).

The matter was referred to the Government in September 2001. The Government stated (February and April 2002) that the Education Department was requested to shift the college building. Subsequently, the proposal for shifting of Industrial Training Institute, Bundi in this building was also under consideration (September 2002). The fact remains that college building constructed at a cost of Rs 49.06 lakh remained unutilised for five years and the expenditure thereon became unfruitful.

* Untied Fund: Rs 10 lakh, Member of Parliament Local Area Development Scheme: Rs 10 lakh and *Nagar Sahbhagi Yojana*: Rs 30 lakh.

4.6 Regulatory issues and other points

Primary Education Department

4.6.1 Irregular purchase of steel furniture and utilisation of Central grant without raising funds from participating schools under Operation Blackboard

Violation of the provisions of financial rules and terms and conditions of sanction/supply order by the department led to irregular purchase of steel furniture without inviting open tenders and irregular utilisation of Central grant of Rs 12.01 crore.

The Government of India (GOI), Ministry of Human Resource Development sanctioned (December 2000) Rs 15.85 crore to State Government at Rs 40,000 per school with the condition that Rs 10,000 per school would be raised by State Government through community participation for providing teaching learning equipment to 3962 upper primary schools located in non-tribal areas of Rajasthan.

The teaching learning equipment were purchased (April 2001 to August 2001) at a cost of Rs 12.01 crore* (excluding liability of Rs 1.23 crore towards *Bal Sahitya*) for 3452 schools of nine districts as of September 2002.

During (August – October 2002) test-check of the records of the Director, Primary Education, Rajasthan, Bikaner following irregularities were noticed:

Irregular purchase of steel furniture

General Financial and Accounts Rules (GF&AR) authorises Rajasthan Small Industries Corporation to supply quality steel furniture after inviting open tender from small-scale industries. Steel furniture can be purchased from the village industrial units registered with the Rajasthan Khadi and Village Industries Board (Board) at the rates approved by Board upto the limit of Rs 1.00 lakh in a financial year including purchases by head of department alongwith their subordinate offices.

The State Level Purchase Committee decided in March 2001 to purchase furniture for schools from units registered by Board at prescribed rates and specifications according to requirement of schools and agreement with such units. The Director, Primary Education, Bikaner placed (31 March 2001) supply orders with three firms** and paid (April to August 2001) Rs 6.92 crore including sales tax (Rs 12.16 lakh) to these firms.

* *Dari Patties*: Rs 3.83 crore; Duster: Rs 0.02 crore; Steel furniture: Rs 6.92 crore; Sports material and Transportation: Rs 1.24 crore.

** Rashtriya Vyavsayik Shiksha Audhyogic Prashikshan Sansthan, Bayana : Rs 2.35 crore; Rajasthan Gandhi Jan Sewa Sansthan, Jaipur: Rs 2.31 crore; and Khadi Mandir, Bikaner : Rs 2.22 crore.

Thus, supply orders worth Rs 6.92 crore issued to three firms without restricting it to Rs 1.00 lakh were in contravention of provision of financial rules resulting in irregular expenditure of Rs 6.88 crore.

Undue benefit to the firms

The terms and conditions of supply orders provided that the rates given in the order included all taxes and duties. Contrary to this, department paid an additional Rs 12.16 lakh as sales tax to the firms* which led to undue benefit of Rs 12.16 lakh to the firms.

Utilisation of Central grant without raising funds from community participation

In view of Director's opinion that raising of Rs 10,000 per school would be difficult, the State Level Purchase Committee decided (March 2001) to utilise Central grant without raising funds through community participation.

Though the sanction for transferring the funds was issued (March 2001) by the Panchayati Raj Department making the Director, Elementary Education, Bikaner responsible for collection of Rs 10,000 per school through community participation, payment of Rs 12.01 crore towards purchase of furniture, etc. was made to various firms (excluding pending liability of Rs 1.23 crore) without obtaining any relaxation in the condition from GOI as of August 2002.

In response, the State Government accepted the facts and stated (June 2003) that (i) furniture was purchased from units registered by the Board as they did not ask for advance payments, (ii) sales tax was paid as purchase exceeded Rs 2 crore; and (iii) community participation was not insisted upon due to famine and natural calamity conditions in Rajasthan.

The reply was not tenable as no relaxation from Finance Department was obtained for non-observance of provisions of GF&AR. Further, sales tax was already included in the rates quoted in the supply orders and approval of GOI was not obtained for non-raising of funds through community participation.

Panchayati Raj Department

4.6.2 Non-utilisation of grants provided under Tenth Finance Commission

Grant of Rs 10.58 crore provided under recommendations of Tenth Finance Commission was lying unutilised for the last three years in the PD accounts of 22 Zila Parishads.

State Government issued (April 1998) instructions to all *Zila Parishads* (ZPs) and *Panchayat Samiti* (PSs) to utilize grants received under Tenth Finance

* Rashtriya Vyavasayik Shiksha Audhyogic Prashikshan Sansthan, Bayana: Rs 4.83 lakh; Rajasthan Gandhi Jan Sewa Sansthan, Jaipur: Rs 4.26 lakh and Khadi Mandir, Bikaner: Rs 3.07 lakh.

Commission (TFC) within six months of its release and to transfer the unutilised grant to other PSs. The PSs and ZPs were required to further transfer the funds to *Gram Panchayats* (GPs) for execution of various works, relating to providing drinking water, sanitation, lightning, roads, etc. in rural areas.

During test-check (July 2002) of the records of ZP, Jodhpur and further information collected (April – May 2003) from Panchayati Raj Department it was observed that Rs 463.52 crore (TFC grants: Rs 212.22 crore; matching share of State Government and Local Bodies: Rs 251.30 crore) were received during 1996-2000 by 32 ZPs, for transferring the same to PSs/GPs for execution of various works in rural areas through GPs. Of this, Rs 10.58 crore were lying unutilised for last three years (April 2003) in the non-interest bearing Personal Deposit Accounts of 22 ZPs depriving the beneficiaries of the intended benefits.

The matter was referred to the Government in September 2002; reply had not been received (July 2003).

Public Works Department

4.6.3 Injudicious expenditure on Kota bypass

Imprudent action of the Department to propose construction of bypass on sensitive defence area and sanctuary of endangered species led to injudicious expenditure of Rs 53.12 lakh.

According to Public Works Financial and Accounts Rules (PWF&AR) clear title of site is a pre-requisite for planning and designing works.

While approving the proposal of State Government for construction of Kota bypass including high level bridge across River Chambal at NH-12, the Ministry of Road Transport and Highway (MORTH) instructed (August 1998) the State Government to obtain necessary clearance from Army Authorities and Forest Department. Thereafter MORTH sanctioned Rs 1.66 crore in January 1999 for survey, investigation and preparation of detailed project report. The proposed bypass required acquisition of 132.72 hectare (ha)* of Agricultural/Defence/ Forest and Urban Improvement Trust land. While the land acquisition process and permission from the Army and Forest Department was under process, the Department awarded (January 2000) the work of consultancy services for conducting feasibility study and preparing project report for Rs 96.16 lakh to M/s STUP Consultants Limited, New Delhi with stipulated date of completion as 11 February 2001.

The firm submitted its Reports between February 2000 and June 2001 for which Department spent Rs 47.96 lakh (including liability of Rs 4.69 lakh)

* Agriculture land holders: 24.94 ha, Defence : 5.92 ha, Urban Improvement Trust, Kota: 7.07 ha and Forest : 94.79 ha.

and also Rs 5.16 lakh on the land acquisition proceedings. However, the Forest Department and the Defence Department did not give permission for construction of bypass on their land as the proposed bypass was passing through Abhera firing range and crocodile sanctuary. Audit observed that the Department at the proposal stage did not inform the Government of India that the proposed bypass would be passing through sensitive defence land and crocodile project. Later on the MORTH ordered (August 2002) to close the consultancy contract as the part of this bypass overlapped with NH-76 bypass on East - West corridor.

Thus, imprudent action of the Department to propose construction of bypass on sensitive defence area and sanctuary of endangered species led to injudicious expenditure of Rs 53.12 lakh.

The State Government stated (May 2003) that the land could not be acquired due to ban imposed (November 2000) by the Hon'ble Supreme Court on use of forest land for non-forest purposes. The Department's reply was not acceptable because it was the fault of the Department to award the work before obtaining clear title of the land and after thought to hide its own injudicious action of proposing a bypass through sensitive defence land and a sanctuary.

Rural Development Department

4.6.4 Irregular expenditure

Expenditure of Rs 2.66 crore incurred on works of a temporary nature, not included in the guidelines of the scheme, was irregular, besides no durable productive assets had been created.

Guidelines for Watershed Development (April 1995) provide that 50 *per cent* of allocation of funds of Employment Assurance Scheme (EAS) would be spent on development of watersheds in Desert Development Programme (DDP) district. State Government further circulated (September 1995) revised guidelines received from Government of India (GOI) that wasteland development works including sand dunes stabilisation, shelter belt plantation and road side plantation should be carried out in index catchment/cluster of villages in order to check the movement of sand and improving the ecology of desert area. The State Government further stated (February 2001) that works of permanent nature be encouraged. *Kanna* Bunding* and *Med* Bundi* works were not permissible activities in the guidelines.

During test-check (January 2002 to March 2002) of the records of District Rural Development Agency (DRDA), Churu it was observed that DRDA

* *Kanna Bunding* : A device to control soil erosion by wind in desert area by locally available dry vegetation put in 3 tiers (in soil covers) about 20 to 25 metres apart in road across the wind direction.

Med Bundi : A earthen bund surrounding the field made by farmers to protect the field and to check soil erosion by water.

undertook works of temporary nature such as *Kanna bunding* and *Med bundi* in 36 hot sandy arid areas during 1997-2001 under EAS at a cost of Rs 1.19 crore which were not covered under guidelines of the scheme. The State Government had also prohibited (February 2001 and October 2001) these works under the scheme.

Similarly, test-check of the records of DRDA, Sawaimadhopur revealed (May-July 2001) that against the sanctions issued (1998-2001) for execution of vegetative contour bund (VCB) under Watershed Development Programme Rs 1.47 crore were spent (1998-2001) on *Med bundi* works executed in 28 watersheds for watershed development under Employment Assurance Scheme/Drought Prone Area Programme which was in contravention of the guidelines/instructions issued for Watershed Development.

Thus, expenditure of Rs 2.66 crore incurred on works of a temporary nature, not included in the guidelines of the schemes, was irregular; besides no durable productive assets had been created.

The matter was referred to the Government in February – May 2002; reply has not been received (October 2003)

General

4.6.5 Delay in submission of accounts

Government/Heads of Departments were required to furnish to audit every year detailed information about the financial assistance given to various institutions, the purpose for which the assistance was sanctioned and the actual expenditure incurred by the institution. Information for the years 1999-2003 called for during April 2002 to May 2003 was awaited (August 2003) from Heads of Departments/Offices as detailed in **Appendix-XV**.

Audit of accounts of following bodies had been entrusted to the Comptroller and Auditor General of India for the period mentioned against each:

S. No.	Name of Body	Period of entrustment	Remarks
1.	Rajasthan Khadi and Village Industries Board, Jaipur	1996-97 to 2000-01	For further entrustment a reference to State Government has been made (June 2003).
2.	Kota Open University, Kota	1998-99 to 2002-03	Audit completed upto 2001-02.
3.	Rajasthan State Legal Service Authority, Jaipur	Audit entrusted under Section 19 (2) of CAG's (DPCS) Act, 1971	Audit completed upto 2001-02.

4.6.6 Audit arrangements

Various authorities who conducted primary audit of local bodies, educational institutions and others were as detailed below:

S. No	Name of Institutions	Name of authority conducting audit
1.	Panchayati Raj Institutions	Director, Local Fund Audit
2.	Co-operative Institutions	The Registrar, Co-operative Societies or an officer nominated by him
3.	Municipalities	Examiner of Local Fund Audit
4.	Educational Institutions (a) Schools (b) Colleges (c) Universities	A person authorised by the Government or Director, Local Fund Audit -do- Chartered Accountants

During 2002-03, audit of 260 institutions was conducted under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 and of 24 institutions under Section 15 of the said Act.

Test-check of two departments viz. Urban Development and Housing and Director, College Education conducted under Section 15 of the said Act during March to May 2003 revealed the following:

Name of Department	Money value	Nature of Irregularities
Urban Development and Housing	Rs 31.38 lakh	(i) For the development of Bundi a loan of Rs 38.33 lakh (Central share: Rs 23 lakh, State share: Rs 15.33 lakh) was released (March 1995) to <i>Nagar Parishad</i> , Bundi at 15.75 <i>per cent</i> interest. The funds were not utilised and entire amount of Rs 38.33 lakh with interest of Rs 16.41 lakh was refunded in February 2003 as against interest of Rs 47.79 lakh (15.75 <i>per cent</i> for March 1995 to February 2003) resulting in short realisation of interest of Rs 31.38 lakh.
	Rs 6.07 crore	(ii) Government of India (GOI) sanctions issued under Integrated Development of Small and Medium Towns Scheme provide for refund of unutilised amount to GOI. However, of Rs 17.31 crore sanctioned to 16 local bodies during 1990-91 to 1997-98, unutilised amount of Rs 6.07 crore lying with local bodies was not refunded to GOI/State Government even after lapse of five to 12 years.
	Rs 12.50 lakh Rs 212.50 lakh	(iii) GOI sanctioned (February 2001) Rs 30 lakh for development of Balotra Town and Rs 20 lakh was to be sanctioned by the State Government. However, the State Government sanctioned (March 2001) Rs 7.50 lakh only and Rs 12.50 lakh sanctioned (March 2002) were not transferred to <i>Nagar Palika</i> , Balotra. Thus, Rs 12.50 lakh could not be utilised and public was deprived of the intended benefits. (iv) Central funds of Rs 212.50 lakh released by (February 2001 and June 2001) GOI for eight towns were released by the Department during September 2001 to March 2002 with delays ranging between two months and 12 months. (v) Registers of permanent/quasi permanent assets, loans and their recoveries were not being maintained by the Department and grantee institutions.
Director, College Education	Rs 79.22 crore	Rule 13 (1) of Rajasthan Non-Government Educational Institutions Rules, 1993 provide that annual recurring grant given on the basis of estimated expenditure of current year be adjusted from the grant payable in next year.

Name of Department	Money value	Nature of Irregularities
	Rs 5.84 lakh	However, provisional grant of Rs 79.22 crore* released to 174 institutions during 1995-96 to 2001-02 was not adjusted on the basis of actual expenditure in subsequent years. Rule 13(4) of Rajasthan Non-Government Educational Institutions Rules, 1993 provide that total recurring grant in aid in any year shall not exceed the difference between the total approved expenditure and income from various fees. However, non-inclusion of recurring income of tutorial fees, section fees and terms fees in the income of three institutions** resulted in excess payment of grant of Rs 5.84 lakh.

The matter was referred to Government in July-August 2003; reply has not been received.

4.6.7 Lack of response to audit findings and observations resulting in erosion of accountability

For early settlement of outstanding Inspection Reports (IRs) and paragraphs, 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. In September 1987, the Finance Department while reiterating the instructions stressed that there should be no delay in dealing with the IRs.

At the end of March 2003, there were 11,530 IRs containing 41,875 paragraphs relating to Civil and Works departments issued during the period from 1982-83 to 2002-03 (reports issued upto September 2002) pending settlement as detailed below:

Year	IRs	Paragraphs
Upto 1997-98	6,019	15,507
1998-99	1,030	3,369
1999-2000	1,225	4,509
2000-01	1,114	5,012
2001-02	1,384	8,367
2002-03 (upto September 2002)	758	5,111
Total	11,530	41,875

* 1995-96-3 institutions: Rs 21.lakh; 1996-97-6: Rs 86 lakh; 1997-98-11: Rs 321 lakh; 1998-99-10: Rs 284 lakh; 1999-2000-41: Rs 1256 lakh; 2000-01-31: Rs 997 lakh and 2001-02-72: Rs 4957 lakh.

**

(In Rupees)

	Approved Expenditure	Income taken into account for calculation of GIA	Not taken into account for calculation of GIA	Total income	Grant admissible	Grant paid	Excess grant paid (Rupees in lakh)
Sophia Girls' College, Ajmer	5160907	299481	276645	576126	4584700	4644800	0.60 (Tutorial fees)
JB Shah Girls' College, Jhunjhunu	2256000	128252	674400	802652	1453348	1575000	1.22 (Section fees)
Vedik Kanya Mahavidyalaya, Jaipur	4530000	294275	560305	854580	3675420	4077000	4.02 (Term fees)

A review of outstanding IRs relating to following four departments revealed that 1,845 IRs containing 6,850 paragraphs were outstanding as of March 2003. It was further noticed that first reply to 291 IRs containing 1,112 paragraphs had not been replied to and are pending for one to 10 years:

Name of Department	Outstanding		First reply not received		Reply pending for
	IRs	Paras	IRs	Paras	
Public Health Engineering	862	4,017	32	221	1 year
Medical and Health	701	1,961	181	578	1 to 5 years
Watershed Development and Soil Conservation	167	530	28	146	1 to 3 years
Social Welfare	115	342	50	167	1 to 10 years
Total	1,845	6,850	291	1,112	

As a result, serious irregularities (details in **Appendix-XVI**) commented in these IRs had not been settled as of March 2003.

According to Rule 327(1) of General Financial and Accounts Rules, the retention period for various accounting records ranges between one and three years after audit. As the departmental officers failed to comply with 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.

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