

CHAPTER-IV

AUDIT OF TRANSACTIONS

Audit of transactions of the Departments of Government, their field formations as well as that of the autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

4.1 Fraudulent drawal/Misappropriation/Embezzlement/Losses/Overpayments

MEDICAL AND HEALTH DEPARTMENT

4.1.1 Embezzlement of Government money

Embezzlement of Rs 53.42 lakh by fraudulently drawing pay and allowances of six fictitious medical officers who were not attached with the office of the Chief Medical Officer Rae Bareli

According to Financial Rules¹ every Head of Office, while exercising the powers of Drawing and Disbursing officer (DDO) either himself or through any other person to whom he has delegated that power, is responsible to draw and disburse pay and allowances of the staff attached to his office, to keep a record of such payments in appropriate acquittance roll and to invariably exhibit all such transactions in his cash book². Further, the Treasury Officer of the district has to check the credentials of all the persons before entertaining a pay bill for the first of any series of the payments of pay and allowances to a government servant other than a newly appointed government servant unless the bill is supported by the last pay certificate.

Test check of the records (October and November 2005) of the Chief Medical Officer (CMO), Rae Bareli showed that the Deputy CMO, V presented the pay bills amounting to Rs 2.43 crore to the CMO, Rae Bareli for drawal of the pay and allowances from the treasury for the employees working under him during the period April 1999 to June 2004. Six names of fictitious Medical Officers were added in these monthly pay bills during the period (except for the month February) involving an amount of Rs 53.42 lakh. The Administrative Officer of the CMO, exercising the Drawing and Disbursing powers presented the pay bills to the Treasury Officer, Rae Bareli without verifying the genuineness of these six fictitious names for the first time and subsequently and obtained the cheques for Rs 2.43 crore. The Deputy CMO, V on receiving the cheques from the Administrative Officer instead of sending these along with the list of the employees concerned for credit to their respective

¹ Paragraph 131(3) and 138: Financial Hand Book Volume V

² Paragraph 27A: Accounts Rules (Chapter VIII)

accounts in the designated bank, deposited these in his official saving bank account opened in Bank of Baroda. From this account, the Deputy CMO, V transferred the pay and allowances of the employees to their bank accounts through cheques and retained and embezzled Rs 53.42 lakh by drawing subsequently through various cheques in different months (May 1999 to June 2004) from the bank by issuing self cheques.

The DDO who was enjoined upon to ensure veracity of the pay bills forwarded by the Dy CMO to the DDO for drawal of the salary of his staff by checking the credentials of claimants, personally satisfy himself that the payment was made to the genuine persons and make monthly verification and reconciliation of the subsidiary cash book of the concerned Dy CMO with the main cash book of the CMO, failed to exercise these precautionary checks for verification of salary claims in the Department. Failure of the Treasury Officer to diligently observe the relevant rules also paved way to the embezzlement of Rs 53.42 lakh. The matter was brought to the notice of Government (January 2006).

During discussion (October 2006) the Government accepted the embezzlement of Rs 53.42 lakh and stated that FIR had been lodged against four officials with the police and charge sheets were served against other six officers including the Administrative Officer.

4.1.2 Fraudulent payment

Posting of 42 personnel on fake transfer orders led to fraudulent payment of Rs 35.24 lakh

Uttar Pradesh Government Servants Seniority Rules, 1991 provide for preparation of a seniority list of persons soon after their appointment by the appointing authority so as to establish the identity of the employees. Besides this, to avoid the practice of forged transfer orders, Director General, Medical and Health Services UP Lucknow (DGMHS) issued (June 2001 and March 2004) instructions as an internal control measure, that genuineness of transfer orders should invariably be verified from the Directorate by deputing special messenger to his office and also that transfer orders should not be implemented unless genuineness of the orders of the transferred employees were verified from their service books as well as the appointment letters.

Test check (December 2005-March 2006) of the records of Chief Medical Officers (CMOs), Allahabad, Firozabad, Gautam Budh Nagar, Hathras and Moradabad and information collected (May 2006) from DGMHS showed that 42 persons arranged forged transfer orders¹ during July 1999 to February 2005 and presented these posting orders to the CMO concerned along with fake Last Pay Certificates (LPCs). The CMOs, posted them in Community Health Centres (CHCs) and Primary Health Centres (PHCs) against different posts² without verifying details from the seniority lists, reliability of transfer orders, authenticity of the

¹ Issued under the forged signature of Director, Medical Treatment UP Lucknow.

² Lab Technician : 09; Pharmacists : 18; Lab Assistant : 13 and Ward boy : 02

appointment letters and validity of service books. Laxity on the part of the CMOs concerned in exercising the prescribed controls facilitated the entry of fake persons on Government pay rolls for periods ranging between 4 and 52 months. Rupees 35.24 lakh were paid to them by way of pay and allowances. Neither any departmental enquiry was instituted nor first information report (FIR) lodged with the police by the CMOs concerned except against 24 persons between the period January 2003 to March 2006 by the CMOs Gautam Buddha Nagar, Firozabad, Hathras and Allahabad. Reasons for non-lodging of FIRs in the remaining 18 cases were not intimated. The DGMHS stated (March 2006) that more such cases were noticed in other 24 districts also. The matter of loss/defalcation was also not reported to the Accountant General and the Government, as required under the financial rules.

Thus, non-preparation of employees' seniority/gradation list coupled with laxity on the part of the CMOs in verification of the authenticity of transfer orders facilitated fraudulent payment of pay and allowances of Rs 35.24 lakh. Non-initiation of departmental enquiry against officials responsible for dereliction of their duties and non-filing of FIR in the remaining cases indicated lack of seriousness of the Department in dealing with the matter.

While the DGMHS did not furnish the relevant details of such cases of 24 districts¹ despite several requests as of November 2006, the Government, at the time of discussion (October 2006), stated that a seniority list of employees was under preparation but did not state the reason for not initiating the actions against the erring officials.

4.2 Excess payment/ wasteful/ infructuous expenditure

HIGHER EDUCATION DEPARTMENT

4.2.1 Wasteful expenditure on purchase of books

Wasteful expenditure of Rs 37.53 lakh on purchase of books due to stoppage of Distance Education Programme by the Bundelkhand University, Jhansi

The Uttar Pradesh State Universities Act, 1973 (Act)² provides that no ordinance shall be made by the university affecting the income or expenditure of the university unless a draft of the same has been approved by the State Government. The Act also did not provide for opening of study centres for distant education.

Scrutiny (March 2006) of the records of Bundelkhand University, Jhansi showed that the University started Distance Education Programme (DEP) from August 2000 without the prior approval of Government. The University

¹ Bulandshahar, Baduan, JP Nagar, Rampur, Aligarh, Farrukhabad, Mainpuri, Banda, Bahraich, Agra, Maha Maya Nagar, Bijnore, Lalitpur, Hamirpur, Etawah, Muzaffarnagar, Bareilly, Kannauj, Sitapur, Gorakhpur, Jhansi, Siddarth Nagar, Faizabad and Pratapgarh. **Total 24 districts.**

² Section 52 (3) (c).

approved 60 distant learning centres all over the country upto 2004-05. In August 2005, the Chancellor of the University ordered the closure of the DEP as it was against the Act. Refund of fees received from the students was also ordered. During 2004-05, Rs 1.25 crore was received as fee on this account. Of this, Rs 66.25 lakh were refunded upto August 2006 leaving Rs 58.67 lakh refundable.

Further, books worth Rs 37.53 lakh purchased (March 2005) for DEP from Indira Gandhi Open University, New Delhi were lying unused in the store due to closure of the programme and refusal of Indira Gandhi Open University to take these back (February 2006).

On this being pointed out, the University stated (March 2006) that the programme was started with a view to educate the students of distant rural areas. The reply of the University was not tenable as provision of Universities Act, 1973 were not followed in starting the DEP which rendered the expenditure of Rs 37.53 lakh on purchase of books wasteful.

URBAN DEVELOPMENT DEPARTMENT

4.2.2 Wasteful expenditure on development of inland navigation in river Gomti

Execution of dredging and de-silting work for inland navigation on river Gomti without the approval of project estimate and availability of funds rendered expenditure of Rs 90 lakh thereon wasteful due to stoppage of work

Financial Rules¹ stipulate that no work should be started unless detailed design and estimate based on detailed survey of the site is formulated, technically sanctioned, allotment of funds made and the orders to commence the work issued by the competent authority.

With a view to develop inland navigation facilities for attracting tourism and arresting pollution in 12 Km stretch of the river Gomti at Lucknow, Nagar Vikas Department submitted (January 2003) a proposal for Rs 24.12 crore shareable in the ratio of 90:10 between Central and State Governments. Without getting the approval to the project from the Government of India (GOI) and allotment of funds, the State Government entrusted (January 2003) the work to the Construction and Design Services Unit of UP Jal Nigam (C&DS), Lucknow for completion by October 2003. The commitment of State share (Rs 2.40 crore) as agreed to by the Nagar Vikas Vibhag in January 2003 was initially to be contributed by Awas Vikas Parishad, Lucknow Development Authority and Nagar Nigam Lucknow (Rs 80 lakh each) and recouped later. A sum of Rs 90 lakh (Awas Vikas Parishad : Rs 50 lakh; Lucknow Development Authority : Rs 40 lakh) was released to C&DS.

Scrutiny (May 2005) of the records of C&DS disclosed that dredging and de-silting work was started in January 2003 by the Kolkata based firm without carrying out hydrographic survey, and collecting bed samples and allied

¹ Para 375 (ka) of Financial Hand Book Vol-VI.

hydraulic data. Meanwhile, the project estimate for Rs. 27.73 crore for dredging and de-silting for 80 m width and 2.40 m depth in 12 Km reach submitted to Inland Waterways Authority of India (IWAI), Ministry of Shipping in May 2003 was returned (July 2003) with the advice to reduce the width of the channel from 80 m to 35 m (at base). By that time (August 2003), 1.07 lakh cum dredging in 80 m wide channel of 3 Km reach was completed. The work continued but with reduced width and was finally stopped in November 2003 due to non-availability of funds. Material measuring 1.29 lakh cum was dredged out of the river and left on the river bank incurring an expenditure of Rs. 90 lakh thereon. In addition, a total of Rs. 1.03 crore was due to C&DS for other miscellaneous works. In response to IWAI observations, a revised estimate amounting to Rs 16.98 crore submitted to GOI in March 2005 was awaiting clearance (October 2006).

Thus, execution of work without sanction of the project estimate and commitment of funds in contravention of financial rules rendered the expenditure of Rs 90 lakh wasteful due to stoppage of work for more than two and half years and raised additional liability of Rs 1.03 crore. The possibility of the dredged material having slid back into the river during the past three rainy seasons also could not be ruled out.

The Principal Secretary, Nagar Vikas during discussion (September 2006) accepted the facts and figures and informed that orders were being obtained from higher authorities for taking action against the erring/defaulting officers/officials. The action taken in the matter was awaited (October 2006) in audit.

4.3 Violation of contractual obligations/ undue favour to contractors/ avoidable expenditure

PUBLIC WORKS DEPARTMENT

4.3.1 Avoidable extra expenditure

Despite Government orders, material approved for use in strengthening of a road was substituted by a costlier material which led to avoidable extra expenditure of Rs 2.42 crore

The Government sanctioned (February 2004) widening and strengthening of Shikohabad-Bhogaon road (km 35 to km 62) at a cost of Rs. 11.27 crore under the Central Road Fund. The Chief Engineer (CE), PWD, Agra Region, Agra accorded (March 2005) technical sanction with the instructions that the work should be executed as per the Government sanction and Ministry of Road Transport and Highways (MORTH) specifications.

Scrutiny (September 2005 and June 2006) of records of the Executive Engineer (EE), Construction Division, PWD, Mainpuri revealed that the strengthening work, according to the preliminary estimate approved by MORTH provided, *inter alia*, laying of water mix macadam (WMM, 37100 cum @ Rs 1420.10 per cum) on the said road. The proposal (September 2004) of the Superintending Engineer (SE) for substitution of WMM by bituminous macadam (BM) was not accepted by the Government. The SE, however,

disregarding the Government's decision executed a contract bond¹ in December 2004 in which WMM was substituted by BM (rate: Rs 3364 per cum).

The work was taken up in December 2004 and completed in June 2005. The total quantity of BM laid during December 2004 to June 2005 was 22857.119 cum costing Rs. 6.61² crore. Based on the equivalency factor (WMM:BM::1.5:1)³ prescribed by MORTH, 34285.68⁴ cum of WMM would have been used for the same work at a cost of Rs 4.19⁴ crore.

Thus, the division incurred an extra avoidable expenditure of Rs 2.42 crore (Rs 6.61 – Rs 4.19 crore) by using BM which was specifically disallowed by the Government.

During discussion (September 2006), the Government asked the Engineer-in-Chief, PWD to furnish the IIT, Roorkee design on the basis of which BM was provided in place of WMM and other documents to audit which were not furnished as of October 2006. Besides, laying of BM as per the IIT, Roorkee design was not material as SE's proposal for laying BM in place of WMM had earlier been rejected by the Government.

4.3.2 Avoidable extra expenditure on road improvement works

Laying of first coat painting before bituminous macadam/premix carpeting in violation of MORTH specifications led to avoidable expenditure of Rs 1.07 crore on improvement works of two roads

Specifications of Ministry of Road Transport and Highways (MORTH)⁵ dealing with road works do not provide for first coat painting (P1) in between water bound macadam (WBM) and bituminous macadam (BM) or premix carpeting (PC) and WBM. These bituminous layers may be laid over a primer coat laid on WBM surface.

The work of widening and strengthening (W&S) of Kundarki Deegarpur Ratanpur Kalan Pakbara (KDRP) road for a length of 8 kms was entrusted (October 2002) as a deposit work to Executive Engineer (EE), Construction Division-I (CD-I), Moradabad by the UP State Industrial Development Corporation, Kanpur at a cost of Rs 10 crore. The Government also sanctioned (November 2004) W&S of Bulandshahar-Anupshahar road (MDR-58) for a length of 19.87 km at a cost of Rs 5.80 crore to be executed by EE, Provincial Division (PD), PWD, Bulandshahar. Technical sanctions for the above works were accorded in March 2003 and May 2005 by Chief Engineer (CE) PWD, Moradabad and CE, PWD, Meerut respectively with instructions to execute the works in accordance with the MORTH specifications.

Scrutiny (June 2005 and September 2005) of the records of the EE, PD, Bulandshahar and EE, CD- I, Moradabad showed that in contravention of the orders of the respective CEs, the detailed estimates for these works provided

¹ Contract Bond no. 08/SE-Etah/2004-05 dated 07.12.2004 for Rs 970.33 lakh.

² BM laid was 22857.119 cum (Value 22857.119cum @ Rs 3364 – Rs 7.69 crore less 14 per cent on tendered rate; net value Rs 6.61 crore).

³ 1 cum BM=1.5 cum of WMM in view of equivalency factor of strength

⁴ 34285.68cum @ Rs 1420.10= Rs 4.87 crore less 14 per cent= Rs 4.19 crore

⁵ MORTH Specification clause- 501.8.1, 501.8.3.1, 502.1 and 504.1

for laying of a layer of P1 over WBM surface before laying of BM/PC on the above roads. This was also against the specifications of MORTH which resulted in an avoidable expenditure of Rs 1.07 crore as detailed below.

Sl. No.	Name of Division	Name of road	Area of P1 laid (in sq mtr)	Rate (Per Sq mtr)	Payments made (Rs in lakh)
1	PD, Bulandshahar	Bulandshahar Anupshahar Road	74530.00	Rs. 42.40 to Rs. 57.70	40.25
2	CD- I, Moradabad	KDRP Road	147801.48	Rs. 44.50 to Rs. 45.50	66.91
Total			2,22,331.48		107.16

In reply, the Government stated (October 2006) that the work of P-1 was executed as per provision of Government orders (January 2004) in which there was a provision of P-1 over WBM surface before laying of BM/PC. The reply was not tenable as the laying of P-1 before BM/PC works was not in conformity with the specification of MORTH. This finally resulted in avoidable expenditure of Rs 1.07 crore.

4.3.3 Avoidable payment to a contractor

Failure of the Divisional Officer in managing and controlling the site hindrances within time resulted in an unwarranted and avoidable payment of Rs 35.53 lakh to the contractor

Ministry of Road Transport and Highways (MORTH), Government of India, sanctioned (January 2002) construction of Rail Over Bridge (ROB) including approach roads near Sakauti Tanda at km 88 of the National Highway 58 at a cost of Rs 4.78 crore. The scope of work included construction of Viaduct Spans of ROB and its approaches by the UP, PWD. The Superintending Engineer (SE) concerned entered into an agreement with the contractor for the above work on 22 June 2002 for Rs 5.99 crore with scheduled date of completion as 21 December 2003.

According to provisions of the contract, if a Compensation Event caused additional cost or prevented the work being completed before the intended completion date, the contract price would be increased and / or the intended completion date extended. The price adjustment clause of the contract stipulated that the price adjustment would apply to the work done from the date of start as given in the contract up to the end of the initial intended completion date or extension granted by the competent authority and would not apply to the work carried out beyond the stipulated time for reasons attributable to the contractor.

Scrutiny (August 2006) of the records of the Executive Engineer (EE), Construction Division I (National Highway), PWD, Meerut disclosed that the contractor failed to observe the milestones fixed for completion of various stages of the work and his request for time extension was not accepted (July 2003) by the SE since Compensation Events did not occur in his judgment. The Chief Engineer/SE later, however, extended undue favour to the contractor by granting time extensions repeatedly (5 times) upto 15 September 2005 despite the fact that the contractor's request for time extension on similar

grounds was not accepted earlier and he was directed to complete the work within the specified date of completion. Due to the unjustified time extensions the Department had to pay Rs 35.53¹ lakh towards price adjustment as per terms of the contract for the works measured upto March 2006 (29th running bill) which was avoidable.

On being pointed out, the Government while accepting the facts and figures stated (October 2006) that the time extensions were granted after consideration of hindrances like non-availability of land for Meerut side embankment, delay in tree cutting and removal of electric poles, adverse weather conditions, extra items of work, Lok Sabha election etc, and price adjustment was paid in terms of the provisions of the contract which was justified.

Reply of the Government confirmed that Department had failed to manage and control the hindrances well within time which finally resulted in avoidable payment of Rs 35.53 lakh to the contractor.

4.4 Idle investment/ idle establishment/ blocking of funds; delays in commissioning equipment; diversion/ misutilisation of funds

FAMILY WELFARE DEPARTMENT

4.4.1 Unfruitful expenditure on logistic support systems

Due to non-installation of equipment and non-posting of skilled operating staff, the logistic support system was non-functional rendering the expenditure of Rs 9.19 crore thereon unfruitful

Government decided (May 1999) to set up a logistic support system² under Reproductive and Child Health Scheme to ensure timely and uninterrupted supply of drugs at the service delivery points. The strategy adopted was to construct warehouses in eleven regions of the State and equip these with mechanised material handling equipment such as heavy duty hydraulic/ electric pedestrian operated stacks for storing cartons of medicines, battery operated smoke detectors, air conditioning system, computer system, erection of diesel generator sets and provision of professional experts. Director General, Family Welfare, Uttar Pradesh, Lucknow (DG) was responsible for making the system operative by June 2002.

Scrutiny of records of the Additional Director, Medical Health and Family Welfare, Allahabad (AD) and ten other AD's during October 2005 to April 2006 showed that eleven warehouses constructed at a cost of Rs. 7.11 crore were taken over from the constructing agencies during March 2002 to September 2003. The logistic support system at these warehouses could not be made functional due to non-posting of the skilled operating staff, non-

¹ Total payment upto 29th running bill (March 2006) was Rs. 50.53 lakh out of which Rs. 15 lakh pertains to the initial contract period. Thus unjustified payment was Rs. 50.53 lakh (-) Rs.15 lakh =Rs. 35.53 lakh.

² Logistic support system refers to a network of regional warehouses managed by professional experts, with computerized inventory and an efficient distribution system.

installation of equipment/generators and lack of electric supply connections. Out of the equipment costing Rs. 2.08 crore, equipment costing Rs. 1.21 crore which were indispensable to the logistic support system, were non-functional due to non-installation and non-posting of skilled operating staff (November 2006). Further, external electricity connections were not provided in Allahabad, Faizabad, Kanpur and Banda districts while equipment was also not supplied in Banda. Proposal for appointment of contractual staff to run logistic support systems was pending with the Government since September 2003.

Thus, the logistic support system constructed and equipped at a cost of Rs 9.19 crore remained non-functional rendering the entire expenditure thereon unfruitful.

During discussion the Government (November 2006) stated that the logistic support systems could not be made operational as the Government of India had not provided funds for the maintenance and establishment. The contention of the Government was not acceptable as the proposal for appointment of contractual staff to run logistic support systems was pending with the Government since September 2003 and no action was taken in this regard.

IRRIGATION DEPARTMENT

4.4.2 Unfruitful expenditure on Irrigation Museum Campus

Irregular and inadequate funding arrangement for the construction of the Irrigation Museum Campus led to unfruitful expenditure of Rs 1.90 crore on the incomplete structure

The Chief Engineer (Sharda Sahayak) Lucknow sanctioned (September 2001) construction of Irrigation Museum Campus-Gomati Kunj. The purpose of the project was to create awareness amongst engineers and the general public about the completed and ongoing multipurpose irrigation projects through live models. Technical sanction of the project was issued for Rs 6.92 crore in September 2001. The project envisaged construction of Irrigation Museum, Cultural Museum and different models and entertainment systems like jet fountains, paddle boating, rose garden, etc. The Engineer-in-Chief (E-in-C), Irrigation Department ordered (October 2001) that the project would be financed by diverting funds earmarked for the Saryu Canal Project.

Scrutiny of records (November/December 2005) of Executive Engineer (EE), Irrigation Construction Division II, Lucknow revealed that two memoranda of understanding for the construction of the Irrigation Museum and Cultural Museum were executed between the Superintending Engineer, Irrigation Construction Circle, Lucknow and Uttar Pradesh Project Corporation Ltd (UPPCL) in May 2003 for the works costing Rs 1.36 crore and Rs 1.14 crore respectively. The works were to be completed by November 2003. The work taken up in (May 2003) was stopped in October 2004 after incurring an expenditure of Rs 1.90 crore thereon due to non-availability of funds. The work had not been resumed as of September 2006 rendering the expenditure of Rs 1.90 crore including liability of Rs 7.56 lakh unfruitful. The main purpose

of imparting training to technical staff of the Department through live models and creating general awareness amongst the people regarding development works of Irrigation Department was also not achieved.



Incomplete structure of Irrigation Museum



Incomplete structure of Cultural Museum

On this being pointed out in audit (November 2005), the Government during discussion (September 2006) accepted the facts and figures and directed the Engineer-in-Chief, Irrigation Department to arrange funds for the work earliest and get the balance work completed.

4.4.3 Unfruitful expenditure

The construction of Chaukania drain and main canal of Suswar Bundhi without acquiring the forest land falling in their alignments rendered the expenditure of Rs 13.05 crore unfruitful

Section 4.4 of the Forest Conservation Act, 1980 (Act) stipulates that in case construction work involves forest land in some stretches, the work on even non-forest land should not be started unless sanction for the use of forest land for non-forest purposes is obtained from the Government of India (GOI). The execution of works without acquiring forest land falling in their alignment resulted in unfruitful expenditure of Rs 13.05 crore in two cases as discussed below.

Chaukania drain

With a view to protect agricultural land from water logging and submergence of 50883 hectare and to flush out the rain water, construction of Chaukania drain (length: 78.400 km) was sanctioned (March 2004) by the C.E. Saryu Project-II, Irrigation Department, UP under Saryu Nahar Pariyojana (revised-1998).

Scrutiny (June 2006) of records of the Executive Engineer (EE), Saryu Drainage Division II, Basti disclosed that the construction of the drain commenced in April 2004 was completed in April 2005 at a cost of Rs 11.22 crore, except for a stretch of first 3 km at the head of the drain. This stretch of the drain fell on the forest land and for its use, prior permission had not been obtained from the GOI. Due to this incomplete stretch of the drain, the purpose of flushing out rain water and preventing water logging on the agricultural land could not be achieved, rendering the expenditure of Rs 11.22 crore unfruitful.

Suswar Bundhi Project

Suswar Bundhi project was sanctioned under “4-Bandhi Project” in February 1989 at a cost of Rs 98.62 lakh with a view to provide irrigation to 874 hectares of drought prone area in Mirzapur district. The construction work, started in 1988-89 had to be stopped in 1991-92 due to paucity of funds. A revised project estimate of Rs 2.42 crore for the work was sanctioned by the Chief Engineer (Sone), Varanasi in May 1999. The stipulated date of completion as per the revised estimate was March 2004. The work was again taken up (2003-04) and stopped (March 2004) after incurring an expenditure of Rs 2.26 crore.

Scrutiny (September 2005) of the records of the Executive Engineer (EE), Sirsi Bandhi Division, Mirzapur showed that construction of the main 9.15 km long canal could not be completed as its alignment fell on the sanctuary land from km 4.300 to km 4.535 for which prior permission of GOI was not obtained as required. The Government’s proposal (June 2000) seeking permission for construction on the sanctuary land (0.64 hectare) was rejected by the Ministry of Environment and Forest, GOI (April 2004) as it was a part of sanctuary land for which the Department had not obtained prior permission from the Indian Board of Wild Life (IBWL) as per requirement of the Act. Thus, due to gap in the canal only a small area of 166 hectares against 874 hectares was irrigated and the objective of the project could not be fully achieved.

The Department, by not obtaining prior permission for use of sanctuary forest land despite clear provisions of the Act, failed to ensure that the project was completed without obstruction and achieved its objectives fully. The prospect of the acquisition of the sanctuary land was remote as the GOI had already rejected the Government’s proposal seeking permission for use of this land, rendering the major part of the expenditure of Rs 1.83 crore (proportionate basis) on the project unfruitful.

During discussion (September 2006) the Government accepted the facts and figures and directed to the Chief Engineer concerned to ensure action to acquire the required land immediately. The progress achieved in transfer of forest land, if any was not communicated (November 2006).

4.4.4 Unfruitful expenditure on construction of a canal and its minors

Non-construction of spillway and railway canal bridge at km 26.804 of Itiathok Branch canal rendered the expenditure of Rs 8.54 crore on its construction beyond km 26.804 (down stream) unfruitful

The Government sanctioned (July 1975) the construction of the 45 km long Itiathok branch canal under the Saryu Nahar Pariyojana to provide irrigation to 77117 hectares of land in its Cultivable Command Area.

Scrutiny (August 2004/July 2005) of records of the Executive Engineer (EE), Saryu Nahar Khand-IV, Gonda showed that construction of the canal upto km 26.500 was completed by April 2003. A railway canal bridge was to be constructed beyond this point at km 26.804 for which Rs 1.05 crore was given to the Railways (December 1999 to January 2000). Railways informed

(January 2003) the EE that construction of railway Canal Bridge was not possible without a spillway to be constructed by the Department in the upstream of the proposed bridge. The construction of the spillway could not, however, be started (September 2006) by the Department as neither the formalities to start the work were completed by EE nor were arrangements for funds made.

Meanwhile, the Department went ahead with the construction of canal and its seven minors down stream of the proposed railway canal bridge. Of the total length of 45 kms of Itiathok branch canal, 18.196 km and its minors down stream of the proposed railway canal bridge were completed at a cost of Rs 8.54 crore during the period between December 2000 and January 2005, which was expected to irrigate 52000 hectares of land.

The canal and its system were functional only upto km 26.500 due to non-construction of railway canal bridge. The construction of spillway had not been started even after lapse of more than three years to facilitate the construction of the canal bridge as stated by the Railways.

Thus, delay on the part of the EE in completing the formalities to construct the spillway and raising demand for the funds from the Government delayed the construction of the railway canal bridge rendering the expenditure of Rs 8.54 crore on the Itiathok Branch Canal unfruitful as the objective of providing irrigation facilities to 52000 hectares of land beyond km 26.500 of canal was not achieved. Besides, Rs 1.05 crore remained locked up with the Railways for the last six years.

The Government during discussion (September 2006) accepted the facts and figures and stated that on km 25.10 of Itiathok Branch an escape channel is to be constructed instead of spillway for which survey was being done. It was also stated that in a joint meeting (September 2006) of Railway and Irrigation Department the target date of completion of railway canal bridge was fixed as 31 January 2007. The reply was not tenable as the construction of escape channel which is a prerequisite to start the construction of railway canal bridge had yet not been started (October 2006).

MEDICAL AND HEALTH DEPARTMENT

4.4.5 Unfruitful expenditure

Construction of new Community Health Centres instead of upgrading under-construction Primary Health Centres at the same place, in violation of the prescribed norms resulted in unfruitful expenditure of Rs 2.36 crore

Financial Rules provide that no work should be commenced on a land unless it has been duly made over by the responsible civil authorities. The rules also provide that no work should be awarded to any construction agency without drawing a formal agreement/ Memorandum of Understanding stipulating the date of completion of the work.

Scrutiny (January 2006) of records of Chief Medical Officer (CMO) Pratapgarh revealed that the work of construction of Primary Health Centre (PHC) at Narayanpur costing Rs 37.06 lakh was awarded (April 2001) to UP Jal Nigam and Community Health Centre (CHC) at the same place to FAXFED in June 2002. The work of construction of PHC and CHC at Haripur Verdetta was also awarded to Jal Nigam in April 2001 and June 2004 respectively. The funds were released¹ to the executing agencies without ensuring the availability of site for the construction of PHC at Haripur Verdetta and CHC at Narayanpur and drawing formal agreement/memorandum of understanding regarding time schedule of completion of works in all the cases in contravention of the Government orders.

The PHC (expenditure: Rs 35.53 lakh) at Haripur Verdetta was lying incomplete due to land dispute while the CHC (expenditure: Rs 73.60 lakh) in the same village had not been completed due to delay in execution of work. Similarly, the PHC (expenditure: Rs 36 lakh) at Narayanpur had not been completed due to delay in execution while the work on CHC (expenditure: Rs 91.15 lakh) could not be completed due to non-availability of land for residential buildings. Due to non-completion the PHCs/ CHCs, the expenditure of Rs 2.36 crore incurred thereon remained unfruitful. Moreover, sanction of new CHCs at the same places where PHCs were sanctioned was against the Government norms² laid down in 1987.

During discussion the Government accepted (October 2006) that the sanction of two CHCs instead of upgrading the PHCs under-construction at the same places was in contravention to guidelines. It further stated that the decision was taken on the basis of the proposals that had come under the district plans.

Thus, non-observance of financial rules in awarding the work to the construction agencies resulted in unfruitful expenditure of Rs 2.36 crore on incomplete works of PHCs and CHCs besides depriving rural patients from the benefits of medical services.

PRISON ADMINISTRATION AND REFORM SERVICES DEPARTMENT

4.4.6 Unfruitful expenditure on construction of Mulakat Ghars

Expenditure of Rs 92.07 lakh incurred on construction of six *Mulakat Ghar* in jail premises was rendered unfruitful due to their non-use

The Government sanctioned (February 2000 and February 2001) Rs 96.14 lakh³ for construction of six *Mulakat Ghar*⁴ on Tihar Jail pattern in Central Jails at Agra, Bareilly, Naini and Varanasi and district Jails at Ghaziabad and Lucknow, under a Centrally sponsored scheme. The Director General (Prison), UP, Lucknow (DGP) entrusted (April 2000) the work including the designing of the five *Mulakat Ghar* to Construction and Design Services, Uttar Pradesh

¹ Fund released: CHC, Narayanpur Rs. 110.65 lakh; CHC, Haripur Verdetta Rs. 133.26 lakh
PHC, Narayanpur Rs. 37.06 lakh ; PHC, Haripur Verdetta Rs. 35.53 lakh Total: Rs 316.50 lakh

² In the event of sanction of CHC at the same place, existing PHC was to be upgraded.

³ Varanasi, Bareilly, Naini, Ghaziabad and Lucknow at the rate of Rs 17.48 lakh and Agra Rs 8.74 lakh.

⁴ Structure used for meeting jail inmates with their visiting relatives within jail premises.

Jal Nigam, Lucknow (Nigam). The construction of the sixth *Mulakat Ghar* at Naini was entrusted (March 2001) on the same design to UP Project and Tube Well Corporation, Lucknow. However, preliminary/detailed estimates submitted by the construction agencies were neither checked by the technical wing of the Directorate nor arranged to be vetted from the State Public Works Department to ensure the adequacy of lighting, ventilation and acoustics in the proposed constructions before awarding the works.

Audit scrutiny (April-March 2006) of the records of DGP, Senior Superintendent of Jail (SSJ), Agra, Bareilly, Naini and Varanasi and Superintendent of Jail (SJ) Ghaziabad and Lucknow revealed that the Nigam handed over five¹ *Mulakat Ghar* constructed at a cost of Rs 78.67 lakh to the respective SSJ/SJ between May 2001 and October 2002. However, the intended benefit of *Mulakat Ghar* could not be derived due to acoustic problems, insufficient light and inadequate ventilation arising out of design defects. Keeping these problems in view, the work on *Mulakat Ghar* at Naini was stopped in December 2001 after spending Rs 13.40 lakh on its construction. On the matter being referred by the Department, the Central Building and Research Institute, Roorkee (CBRI) suggested (September 2002) some modifications in the design of *Mulakat Ghars* for better acoustics and overall environment including light and ventilation. Accordingly, DGP advised (March 2003) the Nigam to submit revised estimate to carry out modifications as per suggestions of CBRI but no revised estimate was received as of April 2006. Despite delay of more than three years, the DGP did not make any effort to ensure the structural changes in the buildings on the lines suggested by CBRI.

In reply the Government stated (June 2006) that *Mulakat Ghars* at Agra, Bareilly and Lucknow were made operational (date not mentioned) after partial modification and at Ghaziabad and Varanasi action for making these operational was under process (June 2006). Sanction for revised estimate for *Mulakat Ghar* under construction at Naini was pending with the Government. The reply was not tenable as neither any budgetary provisions was made nor any expenditure was incurred for the removal of design defects in the *Mulakat Ghars*.

Thus, failure on the part of the departmental authorities as pointed above rendered the entire expenditure of Rs 92.07 lakh unfruitful on construction of the *Mulakat Ghars*.

PUBLIC WORKS DEPARTMENT

4.4.7 Unfruitful expenditure on construction of bridges

The bridges constructed at a cost of Rs 3.39 crore could not be put to use due to non-completion of approach roads

As per State Road Development Policy 1998, the expansion of road net work was to be ensured by completion of the works within the stipulated period. The objective of the policy covered, *inter-alia*, the construction of bridges and their approach roads in co-ordination with each other so that the bridge and the

¹ Agra, Bareilly, Ghaziabad, Lucknow and Varanasi.

approach roads are completed side by side without the need for one to wait for the other.

However, two bridges one each in Sitapur and Ambedkar Nagar districts could not be put to use for over last seven and four years respectively due to non-completion of approach roads as discussed below.

Bridge at Sitapur

Government sanctioned (January 1989) Rs 1.04 crore for construction of a bridge over river Gomti at km 23 of Ramkot of Wazirnagar-Dadhnama road and its approach roads (200 mtr on each side) at a cost of Rs 23.70 lakh. The construction of bridge was entrusted to UP State Bridge Corporation (UPSBC) and that of approach roads (200 mtr on each side) and protection works to the Executive Engineer (EE), Construction Division-I, PWD, Sitapur.

Scrutiny (March 2006) of the records of the EE, Construction Division-I, PWD, Sitapur showed that the UPSBC completed (July 1999) the bridge work at a cost of Rs 2.60 crore. The construction of approach roads, however, remained incomplete despite incurring an expenditure of Rs 34.46 lakh on earth work in the length of 700 metres. The revised estimate for Rs 4.03 crore (cost of bridge: Rs 2.60 crore and cost of approach roads: Rs 1.43 crore) was submitted by the EE to Government only in February 2006 which was waiting sanction (October 2006). Due to non-completion of approach roads the bridge constructed at a cost Rs. 2.60 crore remained unutilised.

On this being pointed out (March 2006), the EE stated that the work could not be completed as the revised estimate was awaiting sanction of the Government due to which funds were not available for completing the work. The contention of the EE was not tenable as there was an inordinate delay of more than six years in the submission of the revised estimate. Non-adherence to the Government policy and undue delay in submission of revised estimate delayed allotment of funds for completion of approach roads, which rendered the entire expenditure of Rs. 2.94 crore unfruitful.

Bridge at Ambedkar Nagar

Government sanctioned (March 1999) Rs 87.80 lakh for the construction of bridge (cost: Rs 59.50 lakh) over Majhuyee river at Shahrighat and its approach roads (cost: Rs 28.30 lakh) with safety works in district Ambedkar Nagar. The construction was entrusted to the UP State Bridge Corporation Ltd. (UPSBC) in March 1999.

Scrutiny (May 2006) of the records of the Executive Engineer (EE), Provincial Division and Construction Division, PWD, Ambedkar Nagar showed that Rs 87.80¹ lakh were released to UPSBC for the work. The bridge was completed (March 2002) by the UPSBC at a cost of Rs 78.83 lakh. The construction of approach roads and safety works were, however, not taken up. Meanwhile, the Government in its revised policy (September 2004) stipulated that the construction of approaches was to be undertaken by PWD. The Government did not release any funds to the PWD for land acquisition and construction of approaches with the result the bridge completed at a cost of Rs

¹ 1998-99: Rs 75.80 lakh; 2002-03: Rs 12 lakh.

78.80 lakh remained inoperative since March 2002. The UPSBC did not refund the balance of Rs 8.97 lakh.

On being pointed out (May 2006), the EE stated (May 2006) that land as well as funds were not available for construction of the approaches. The revised estimate of the work for Rs 1.19 crore (bridge: 68.79 lakh, approaches and safety works: Rs 50.44 lakh) was, however, awaiting the sanction of Government.

During discussion (September 2006) Government confirmed the facts and figures.

4.4.8 Unfruitful expenditure on an incomplete road

Without ensuring the availability of land and funds, the construction of bypass remained incomplete rendering the expenditure of Rs 97.02 lakh thereon unfruitful

Financial rules provide that no work should be commenced on land which has not been duly made over by the responsible civil officers. Further, as per Government orders (July 1999, July 2002, January 2005 and September 2005) monthly review of incomplete projects with time and cost over run shall be done by Administrative Department/Government and budget provisions for such incomplete works should be done on top priority.

Scrutiny (September 2005 and June 2006) of the records of the Provincial Division PWD, Bijnore, and Construction Division-II, PWD, Najibabad revealed that Government sanctioned (July 1992) construction of Najibabad bypass (length 5.900 km) on Haridwar-Bareilly National Highway (NH-74) at a cost of Rs 97 lakh. The sanctioned bypass was co-aligned for 1.85 km with Meerut-Najibabad-Kotdwar highway. The Chief Engineer (CE), Bareilly Zone, PWD, Bareilly accorded Technical Sanction (March 1993) to the detailed estimate of the work. The EE started the construction on the road in 1992-93 but its progress was slow due to staggered flow of funds¹ and non-acquisition of required land falling in the alignment of the road. The construction had to be stopped half way in April 2004 (upto painting level 3 km, Earth work 4.570 km and soling coat 4.400 km) after incurring an expenditure of Rs 97.02 lakh for want of funds and land. A revised estimate for Rs 1.96 crore for completing the remaining work and acquiring the land (Rs 5.82 lakh) submitted to Engineer-in-Chief (E-in-C), UP, PWD in July 2004 was, awaiting approval (October 2006). Delay in arranging funds for completing the balance work and acquiring the required land rendered the expenditure of Rs 97.02 lakh unfruitful.

The Government stated (October 2006) that due to non-availability of funds and non-acquisition of land for the full length of the road, the work could not be completed. It was also stated that a revised estimate had been sought by E-in-C, UP, PWD, from the CE, PWD, Moradabad which would be sanctioned on priority basis. Obviously, the monthly review of incomplete projects with time and cost over run had not been undertaken by the Administrative Department/ Government to ensure budget allotment on priority basis for completion of the work.

¹ 1992-93 Rs 7 lakh, 1993-94 Rs 4 lakh, 1994-95 Rs 16 lakh, 1995-96 Rs 10.50 lakh, 1996-97 Rs 2 lakh

4.4.9 Diversion of the cash credit limit and misutilisation of budget allotment

The cash credit limit authorised for making remittances into treasury towards the amounts deducted on account of trade tax (Rs 31.68 lakh) and income tax (Rs 21.17 lakh) from the bills of contractors was diverted unauthorisely to the annual maintenance of roads, etc. which created a liability of Rs 52.85 lakh

The UP Budget Manual provides that an allotment should be appropriated only for the objects for which it is sanctioned. Diversion of funds allotted through cash credit limit (CCL) without the authorization of competent authority is to be treated as a financial irregularity and dealt with accordingly. In order to ensure that the codal provisions are strictly followed, the Government imposed a further restriction that deductions made on account of trade tax and income tax from the bills of the contractors of a particular work have to be remitted to the departments concerned through treasury within specified periods against the allotment of CCL for that work placed at the disposal of the drawing and disbursing officer (DDO). DDOs were also made responsible for excess payments on account of levy of penal interest as well as penalty due to delay in payment of the claims of these departments.

Scrutiny (March 2006) of the records of the Executive Engineer (EE), Provincial Division, PWD, Jaunpur revealed that CCL meant for remitting the amount of deductions made in the contractors bills during March 2003 and March 2004 on account of trade tax (Rs. 31.68 lakh) and income tax (Rs 21.17 lakh) into the treasury was utilised unauthorisedly on annual maintenance works of roads, etc. These amounts had not been remitted to the departments concerned as of November 2006. This not only created a liability of Rs 52.85 lakh but also paved the way for imposition of penalty and levy of interest amounting to Rs 59.99 lakh¹ upto March 2006 by the Trade Tax and Income Tax Departments in view of the provisions of the relevant Acts/ Rules. No action had been taken against the defaulting officials.

The Government during discussion (September 2006) accepted the facts and figures and stated that disciplinary action would be taken against the Executive Engineer concerned and others responsible.

SOCIAL WELFARE DEPARTMENT/HOME DEPARTMENT

4.4.10 Unproductive expenditure on staff

Inadequate coordination between Social Welfare and Home Departments resulted in unfruitful expenditure of Rs 1.25 crore on salary of the staff of the Government Certified Institutions (GCIs)

With a view to eliminating beggary in public places and to provide training and employment to beggars, the Government under the Uttar Pradesh Prohibition of Beggary Act, 1975 established eight Certified Institutions (CIs)

	Rs in lakh			
	Original amount	Interest	Penalty	Total
Income Tax :	21.17	7.10	21.17	49.44
Trade Tax :	31.68	15.89	15.83	63.41

at seven places¹ in the State. Under the Act, the Police is empowered to apprehend the beggars for detaining them in the Certified Institutions after obtaining court orders for a period of not less than one year which may be extended up to two years. According to instructions of the Government issued in August 1987, the police is to organize at least two raids every month for detaining the beggars.

Scrutiny (September 2005) of the records of the Director, Social Welfare Department (Director) and Superintendents of Government Certified Institutions (Beggars' Home) at Faizabad (Male and Female), Kanpur Nagar and Lucknow revealed that no inmates were detained at these beggar homes against the capacity of accommodating of 1200² during 2001-06. During the period, Rs 1.25 crore was paid as salaries to staff (76), which remained idle at the CIs for want of inmates. The beggars were not detained at these CIs as no raid was organised by the Senior Superintendents of Police Faizabad and Lucknow. SSP Kanpur Nagar arranged nine raids during 2005-06 but could not apprehend any beggar. This resulted in unproductive expenditure of Rs 1.25 crore on pay and allowances of the staff of these CIs during the period 2001-06.

The Government in Home Department, during discussion (September 2006) while accepting facts and figures stated that the Social Welfare Department which owns the CIs could have worked in close coordination with the Home Department to apprehend beggars. The Government in Social Welfare Department in reply (November 2006), however, stated that the services of police for organising the raids were not made available due to their preoccupation in other works.

Thus, inadequate co-ordination between the two departments resulted in unfruitful expenditure of Rs 1.25 crore on the staff of the CI's.

TECHNICAL EDUCATION DEPARTMENT

4.4.11 Unfruitful expenditure on a polytechnic

Abnormal delay in completion of polytechnic building at Mau coupled with non-posting of adequate teaching/ non-teaching staff rendered the expenditure of Rs 5.63 crore on the polytechnic unfruitful

Government sanctioned (February 1997) construction of Government Polytechnic at Mau at a cost of Rs 4.15 crore for imparting education in Textile Technology and Textile Chemistry to cater to the manpower needs of the handloom industry in the district. The work was to be completed by October 2001. The Government released of Rs 5.63³ crore and allotted (September 1998) the construction work to the Construction and Design Services, Uttar Pradesh Jal Nigam (Nigam).

¹ Agra, Allahabad, Faizabad, Kanpur Nagar, Lucknow, Mathura and Varanasi.

² 200 each at Kanpur Nagar and Lucknow and 400 each at Faizabad in respect of male and female.

³ 1996-97: Rs 110 lakh; 1997-98: Rs 25 lakh; 1998-99: Rs 24.70 lakh; 1999-2000: Rs 25 lakh; 2000-2001: Rs 73.70 lakh; 2001-2002: Rs. 100 lakh; 2002-2003: Rs 84.27 lakh; 2004-2005: Rs 20 lakh; 2005-2006: Rs 100 lakh.

Scrutiny (January 2005) of the records of the Director, Technical Education (Director) showed that 10 *per cent* work was incomplete after incurring an expenditure of Rs 5.63 crore. Though non-residential buildings were taken over in August 2006, residential buildings including hostel were yet to be completed. The courses could not be commenced (August 2006) due to the infrastructural deficiencies such as furniture, fixtures, equipment and acute shortage of staff. Only 3 out of 18 teaching and 2 out of 10 non-teaching posts were filled up as of August 2006.

Thus, due to abnormal delay in the completion of the buildings coupled with non-posting of adequate staff to run the courses, the expenditure of Rs 5.63 crore remained unfruitful besides denying opportunity to the aspirants of the courses for over five years.

The Government had earlier stated that the academic session would commence from the year 2006-07. The Polytechnic, however, remained non-functional due to non-posting of adequate teaching and non-teaching staff. During discussion the Government accepted (October 2006) the facts and figures and assured to make the necessary arrangements for the staff to run the courses.

URBAN DEVELOPMENT DEPARTMENT

4.4.12 Unauthorised construction on forest land

Unauthorised construction on forest land in violation of the Forest Conservation Act, 1980 resulted in unauthorised expenditure of Rs 40 lakh

Financial rules provide that when land is required for Government use, the officer of the department should, in the first instance, consult the Chief Revenue Officer of the district and obtain from him the fullest information. Besides, Section 1.1 (i) of the Forest Conservation Act, 1980 (Act) prohibits use of reserve forest land for non-forest purposes without prior approval of the Government of India (GOI). As per GOI's directions (May 2001), State Government was also advised not to submit any proposal for de-reservation of forest land in national parks or sanctuaries under the Act *ibid* without permission of the Supreme Court.

Scrutiny (March 2005 and May 2006) of records of the District Magistrate, Varanasi (DM) revealed that the Government sanctioned (November 2004) interest free loan of Rs 2.28 crore to Nagar Palika Parishad, Ramnagar (NPP), Varanasi to control erosion on the left bank of river Ganga and construct a Ghat at Ramnagar in district Varanasi. The DM and Executive Officer, NPP were responsible to monitor quality and timely completion of the work. The DM, without verifying the title of the proposed land, released (2005-06) Rs 40 lakh out of Rs 2.28 crore to Bandhi Prakhand, Varanasi, construction agency, which spent (August 2006) the entire amount on the construction work¹. The unspent balance of Rs 1.88 crore was refunded in July 2006. In May 2006, the Forest Department informed the agency that the land belonged to the Kachua

¹ The construction work included filling of sand, diversion of drain and channelisation and construction of guls, and construction of temporary structure (*madhi*) etc.

Vanya Jeev Vihar, Ramnagar (a forest sanctuary) and permission from the committee established under the order of the Supreme Court of India and also from the GOI under the Endangered Species Protection Act, 1972 was a prerequisite for using the land for purpose other than the wild life protection.

Thus, the failure on the part of the DM in ascertaining the title of the land before commencement of the construction resulted in unauthorized expenditure of Rs. 40 lakh.

The Government during discussion (November 2006) accepting the violation of the Act *ibid* stated that the proposal for seeking the requisite permission of the Committee was under consideration.

4.5 Regularity and other issues

FOREST DEPARTMENT

4.5.1 Irregular and unauthorised expenditure on Social Forestry Scheme

Afforestation done at sites other than those recommended for Social Forestry Scheme resulted in irregular and unauthorised expenditure of Rs 59.24 lakh

Afforestation under the Social Forestry Scheme (SFS) was to be done on Gram Samaj Land, Community Land, Road Canal and Railway sides and on degraded forest land with the objective of meeting the requirement of fuel and fodder of the general public by planting different species of plants.

Scrutiny of records (November 2004 and January/June 2006) Social forestry Division, Aligarh disclosed that during year 2001-05 the Division planted 2.44 lakh plants on 121.50 hectares of land at a cost of Rs 59.24 lakh in the campus of the Prasar Bharti, a Public Sector Undertaking (PSU) not in accordance with the provision of SFS. As a result, the expenditure of Rs 59.24 lakh incurred on the same was not only irregular and unauthorized but also deprived the intended beneficiaries of fuel and fodder, the basic objective of the scheme.

In reply, the Government stated (October 2005) that no land was available for plantation and so it was done on the PSU land to achieve the assigned target. During discussion (November 2005) the Government stated that trees in the PSU campus would be made available to public for fuel and fodder as per provision of memorandum of understanding (MOU) executed (November 2005) between Forest Department (FD) and the PSU. The reply of the Government was not tenable as the afforestation work done by the Division was contrary to the guidelines of SFS. Besides, the MOU clearly stated that ownership of the plantation vested with the PSU and not with the FD and the cost of plantation recovered at the time of final harvesting of tress would be refunded to FD.

The MOU did not include any provision allowing access to fuel and fodder to the general public. This fact was also confirmed by the Government during discussion in September 2006, stating that their previous reply was not correct.

4.5.2 Non-realisation of net present value of the transferred forest land

Net present value of Rs 95.73 crore due on transferred forest land was not realised from the user agencies. The land had been transferred in violation of guidelines of GOI and SC judgment

The Supreme Court (SC) of India directed (30 October 2002) Government of India (GOI) to issue guidelines within eight weeks, to realise the net present value (NPV) from user agencies in-lieu of forest land diverted for non-forest purposes. The Ministry of Environment and Forest, Forest Conservation Division, GOI in its guidelines (September 2003), stipulated that the NPV be charged in all those cases which were granted approval in principle after 30 October 2002 at a rate of Rs 5.80 lakh to Rs 9.20 lakh per hectare, depending upon the quality and density of the forest before final approval for transfer of forest land. The money so realised was to be utilised on compensatory afforestation.

Scrutiny (March 2006) of records of Nodal Officer, Forest Utilisation, Forest Department (FD) Uttar Pradesh, Lucknow showed that during the period from November 2002 to March 2006, the FD diverted 1668.3349 hectares of land to user agencies for non-forest purposes. The NPV amounting to Rs 95.73 crore was not realised in 42 cases by the FD as detailed in *Appendix-4.1*.

During discussion Government (September 2006) confirmed the facts and figures and stated that land was transferred to user agencies on mutual consent and that they would pay the NPV later on. The reply was not tenable as transfer of forest land without realising NPV was in violation of GOI guidelines and SC directions. Besides, in the absence of recovery of NPV from the user agencies, compensatory afforestation could also not be undertaken.

4.5.3 Loss of interest due to non-investment of compensatory afforestation fund and NPV

Non-investment of compensatory afforestation fund and net present value as per orders/ guidelines issued by Government of India resulted in loss of interest of Rs 12.61 crore

The Supreme Court of India ordered (October 2002) Government of India (GOI) to frame comprehensive rules for constitution of Compensatory Afforestation Management and Planning Agency (CAMPA) for management of Compensatory Afforestation Fund (CAF) within eight weeks of the judgment. The judgment also provided for the realisation of the net present value (NPV) of diverted forest land from user agencies in all cases approved in principle after 30 October 2002 at the rate of Rs 5.80 lakh to Rs 9.20 lakh per hectare, depending upon the quality and density of the forest. In compliance with the judgment of Supreme Court, CAMPA was constituted by the Ministry of Environment & Forest in April 2004 for the management of money received towards CAF and NPV. Since CAMPA could not become operational till April 2006 for want of the Cabinet approval, the GOI advised (March 2004) the State Government to keep such funds in the form of fixed deposits in the name of the concerned Divisional Forest Officer or Nodal

Officer of the State in a nationalised bank till CAMPA became operational. The fixed deposits could be encashed whenever required.

Scrutiny of records of the Nodal Officer, Forest Utilisation, Uttar Pradesh, Lucknow (March 2006, June 2006 and October 2006), disclosed that the Forest Department (FD) credited Rs 166.87 crore during November 2002 to July 2006 realised on account of CAF and NPV in the Forest Deposits in instead of investing it in a nationalised bank in fixed deposits till the CAMPA became operational. Thus, due to non-adherence to the specific order of GOI the State Government was deprived of interest of Rs 12.61 crore for the period from April 2004 to July 2006 @ 5.25 per cent per annum.

On this being pointed (March 2006), the Nodal Officer stated (March 2006) that he was not aware of any such order or guidelines for the management of CAF/NPV. During discussions (September 2006) the Government stated that Rs 141 crore had been transferred (August 2006) to CAMPA Fund account after its becoming operational in May 2006. Scrutiny of records of Nodal Officer (October 2006), however, revealed that only Rs 123.28 crore had been actually transferred to CAMPA accounts as of September 2006.

IRRIGATION DEPARTMENT

4.5.4 Irregular drawal and retention of Government funds outside the Government account

Rupees 1.55 crore was irregularly drawn and retained as Bank Drafts/ Banker's cheques outside Government account entailing interest loss of Rs 48.30 lakh

Financial Rules prohibit drawal of money from the Treasury unless it is required for immediate disbursement. The Rules also require the drawing officers to ensure that any money which is not likely to be needed during the year is promptly surrendered so as to allow its re-appropriation for other purposes.

Scrutiny of records (May 2006) of the Executive Engineer (EE), Gyanpur Canal Prakhand, Bhadohi revealed that the EE withdrew Rs 1.55 crore from the treasury between October 2000 and March 2002 and prepared eleven Bank Drafts (BDs) and fifteen Banker's cheques (BCs) favouring self and Special Land Acquisition Officer (SLAOs)/ District Judges (DJs) of Allahabad, Bhadohi, Varanasi for payment of land compensation for purchase/ acquisition of land for the Gyanpur Pump Canal Project. Although the payments were not actually made these amounts were debited to final heads of account. The cheques/drafts were not issued and were lying with the division (June 2006). Although the lapse was pointed out (October 2003) by the Audit, the cheques/drafts were not cancelled and written back in the accounts (September 2006). This irregular drawal and retention of funds outside Government account resulted in loss of interest of Rs 48.30 lakh to the Government at the prevalent borrowing rates of the year concerned. No action was also taken against the erring officials as of September 2006.

The Government during discussion (September 2006) accepted the facts and figures and directed the Chief Engineer (Sone), Varanasi to credit the amounts in question to Government revenue through Treasury Chalan and apprise the Audit of this fact. Any conclusive action taken in the matter was not communicated (November 2006).

4.5.5 Irregular expenditure on construction of a park

Non-observance of financial rules led to an unauthorised irregular expenditure of Rs. 1.70 crore on construction of Sardar Patel Park adjacent to Narainpur Pump Canal besides non-completion of the project

Financial rules restrict diversion of funds allotted for a particular work. The Government also banned (March 1999) the use of Cash Credit Limit (CCL) on works other than the work for which it was allotted.

Government sanctioned (May 2003) the project for renovation and restoration of Narainpur Pump Canal at an estimated cost of Rs 17.57 crore with the instruction that the amount released for this work would not be spent on any other work. The project cost was to be shared by NABARD¹ and the Government in the ratio of 90:10. An amount of Rs 2.85 crore for the civil works of the project was allotted to Moosa Khand Dam Division, Varanasi during financial years 2003-05. These works were to be completed by March 2005.

Scrutiny (March 2006/May 2006) of records of the Executive Engineer (EE), Moosa Khand Dam Division, Varanasi disclosed that the work on the project was started in 2003-04. Out of Rs 2.85² crore allotted for civil works, the Division spent Rs 1.75 crore on construction of the Sardar Patel Park for which provision of Rs 5 lakh only was made in the sanctioned estimates. The work on the project was stopped (April 2005) for want of funds. The EE submitted (2004-05) a revised project estimate of Rs 23.63 crore to the Expenditure Committee, Government of Uttar Pradesh (ECGOUP) in which provision for construction of park was included. The ECGOUP returned (March 2005) the revised project estimate with the instruction to resubmit it after excluding the work of the park from this estimate as loan would not be sanctioned by NABARD on this account.

The diversion of funds by the EE led to unauthorised expenditure of Rs 1.70 crore on the park, besides depriving civil works of the project of the funds for its completion.

The Government during discussion (September 2006) accepted the facts and figures and stated that the proposal of revised project had been submitted by the Chief Engineer (Sone) to Government for approval. The approval of revised project by the Government was awaited (November 2006).

¹ National Bank for Agriculture and Rural Development

² Rs 2.08 crore and Rs 76.92 lakh were allotted and released in 2003-04 and 2004-05 respectively and the same amounts were spent in the respective years.

4.5.6 Unfruitful expenditure on construction of cross and head regulator

Expenditure of Rs 67.71 lakh incurred on construction of cross and head regulator without constructing escape channel was rendered unfruitful

For providing uninterrupted water supply to the Ayodhya Pump House an approach channel joining the river Ghaghara to the Pump House was constructed in May 2003. Water was made available to Ayodhya Main Canal (AMC) through the pump house for irrigation purposes. The pump house was required to be kept operative continuously during the receding monsoon period to avoid deposition of silt in the approach channel. To achieve this objective, the Department decided (May 2003) to construct a cross and head regulator on AMC at km 0.300 with an escape channel (length:1.450 km) to facilitate diversion of water back into the river Ghaghara by controlling water through cross and head regulator during the period there was no demand for water from the cultivators.

Scrutiny of records (May 2006) of Executive Engineer (EE), Saryu Nahar Khand, Faizabad showed that the construction of cross and head regulator on AMC at Km 0.300 was started in August 2003 and completed in March 2005 at a cost of Rs 67.71 lakh. The construction of the escape channel, however, could not be started (September 2006) as its detailed survey and investigation was delayed. Even the longitudinal section/estimate of the escape channel had not been prepared (September 2006). Consequently, diversion of water of AMC was not possible (September 2006) thereby defeating the entire objective of construction of the cross and head regulator for minimizing the silting process in the approach channel.

Thus, the expenditure of Rs 67.71 lakh incurred on construction of cross and head regulator without construction of escape channel was rendered unfruitful.

The Government during discussion (September 2006) accepted the facts and figures and directed the Chief Engineer (Saryu-I) to complete the work under a time bound programme and intimate compliance to Audit. The action taken in the matter was awaited (October 2006).

MEDICAL AND HEALTH DEPARTMENT

4.5.7 Unfruitful expenditure

Non-sanction of medical and paramedical staff to Community Health Centre rendered the expenditure of Rs. 1.26 crore on the construction, procurement of equipment and furnishing unfruitful besides denying the facility of specialised treatment to the people of the area

To provide specialised medical facilities¹ to the rural population, Government fixed (May 1999) a norm for creation of one post each of physician, surgeon, gynecologist, pediatrician, radiologist, dental surgeon and pathologist besides paramedical staff at 30 bedded Community Health Centre (CHC).

¹ Surgery, Medicine, Gynecology, Child disease, Dental, Pathology and Radiology

Scrutiny (February 2005 - May 2006) of records of Chief Medical Officer, Jaunpur (CMO) showed that the CHC building at Barsathi was completed after incurring an expenditure of Rs 1.15 crore and was taken over by the Department in December 2002. A further expenditure of Rs 9.55 lakh¹ was incurred on purchase of equipment and ambulance during 2003-04 and Rs 0.80 lakh paid for the electricity connection (March 2004). Proposal for sanction to required medical and paramedical staff² as well as recurring/non-recurring expenses to make the CHC functional was submitted to the Director General, Medical and Health Services (DGMHS) in June 2003. The DGMHS, however, forwarded the proposal after three years, to the Government in May 2006 and revised the same in July 2006. Meanwhile, the Government posted (October 2005) a Medical Superintendent at the CHC without sanction to the posts of medical and paramedical staff. The ambulance purchased was surrendered to the CMO (July 2005) due to non-availability of the driver. The x-ray machine costing Rs 1.41 lakh supplied in May 2005 by the DGMHS was lying idle due to non-posting of any radiologist and technician.

During discussion, besides confirming that the expenditure on construction and equipping of the CHC had so far proved unfruitful, Government stated (October 2006) that the upgraded/specialized services would be provided after posting of medical/para-medical staff.

Thus, the expenditure of Rs 1.26 crore on construction of CHC, procurement of equipment and furnishing remained unfruitful for over three years besides depriving rural patients of the benefits of specialised medical services.

PUBLIC WORKS DEPARTMENT

4.5.8 Use of unapproved material on road construction

Widening and strengthening of a road by using unapproved material rendered the work costing Rs 1.39 crore, substandard

According to the specifications of the Ministry of Road Transport and Highways (MORTH) and departmental instructions (June 1974 and February 1984) the soling coat of the road pavement should be provided with stone ballast of appropriate size. Brick is not an approved material for use in the soling coat as the crushing strength of brick (140 kg/ sq cm) is low as compared to that of the stone ballast (650 kg/sq cm).

Scrutiny (August/ September 2005) of the records of the Executive Engineer (EE), Provincial Division, PWD, Baghpat revealed that widening and strengthening of the Meerut-Baraut Road (km 35 to 52; total 18 kms) was sanctioned (February 2004) at an estimated cost of Rs 6.92 crore. Technical sanction was accorded (June 2004) by the Chief Engineer (CE), PWD, Meerut. The work comprised raising of existing road crust from 20 cm to 46 cm and widening of the road from 3.60 m to 7 m in km 35 to 38 and km 41 to 45 and

¹ Equipment and furniture: Rs 4.96 lakh; Ambulance: Rs 4.59 lakh.

² One post each of Superintendent, Physician, Gynecologist, Anesthetist, Radiologist, Lab Assistant, X-ray technician, Dental Hygienist, Pharmacist, Senior Clerk, Staff Car Driver and Dark Room Assistant; three posts of Upcharika and two posts of Ward Boy/ Aaya.

from 5.50 m to 7 m in km. 39, 40 and km 46 to 52 followed by strengthening the entire road (18 km) with water mix macadam (WMM), bituminous macadam (BM) and semi dense bituminous concrete (SDBC). The crust thickness in the widened portion was also to be kept at 46 cm. The work was completed by December 2005 at a cost of Rs 6.69 crore.

In half of the widened portion (23988.25 sq m), 7 cm of required crust thickness was achieved by laying flat bricks (old dismantled bricks and some new bricks) in the soling coat in place of stone ballast of appropriate size as prescribed in the specifications. Thus, the work¹ in the widened portion executed at a cost of Rs 1.39 crore (*Appendix-4.2*) was substandard due to use of unapproved material as the strength of the crust in soling coat provided with flat bricks was less as compared to that of approved material (stone ballast).

During discussion (September 2006) and in reply the Government stated (October 2006) that there was provision of brick soling in IRC (August 2004) and in PWD. It was also stated that the old dismantled bricks were utilized, in which there was no technical deficiency. The reply was not based on facts as no such provision in MORTH/IRC existed on the date of sanctioning the work in February 2004. The Central Road Research Institute, New Delhi also held (September 2005) the view that use of brick in soling coat would certainly affect the pavement performance in the long run since the layer would not have sufficient strength. The widening and strengthening work undertaken at a cost of Rs 1.39 crore was thus substandard.

4.5.9 Substandard construction of a road

The soil laid on the embankment of widened portion of a road was not compacted which rendered the earthwork and work in base course executed at a cost of Rs 6.06 crore deficient

According to the standard specifications of PWD and instructions issued by the Department (September 1965 and March 1982) and also according to the specifications of the Ministry of Road Transport and Highways (MORTH) the ground supporting the embankment and the soil on the embankment should be mechanically compacted to achieve 95 *per cent* dry density of the soil in the bottom layer and 100 *per cent* dry density in the upper layer of 30 cm.

Scrutiny (November 2005) of the records of the Executive Engineer (EE), Provincial Division, PWD, Shahjahanpur revealed that widening of Moradabad-Farrukhabad road (km 141 to km 177.674) was sanctioned (November 2004) at an estimated cost of Rs 7.60 crore. Technical sanction for the work was accorded (December 2004) by the Chief Engineer, (CE) PWD, Bareilly. The work comprised widening of the existing one lane road to two lane (7 metre), earth work in embankment, base course with water bound macadam (27.5 cm compacted thickness) and surface dressing with first coat and second coat painting.

The rate analysis of the earthwork, bill of quantity of the contract bonds and vouchers revealed that although the height of the earthwork ranged between

¹ Flat brick soling followed by WBM Gr. II, Gr. III, WMM, BM and SDBC.

60 to 154 cm and the quantity of earthwork executed in filling and excavation was 53789.64 cubic metre and 41289.84 cubic metre respectively, the Department had not provided for mechanical compaction as required in specifications of MORTH and PWD. As the mechanical compaction of the ground supporting the embankment and earthwork laid on the embankment was not done, the earthwork as well as the base course above it executed (April 2006), at a cost of Rs 6.06 crore was deficient because the sub-grade had not been provided with the desired strength by way of compaction as prescribed.

The Government stated (October 2006) that in the widened portion, the sub-grade was compacted by running of traffic hence mechanical compaction was not required. For compaction of widened portion, shoulder road roller was used. The reply was evasive because the earth work on embankment was executed afresh in between December 2004 and March 2005. There was no method other than mechanical compaction to achieve the required density of the earthwork in sub-grade and embankment. Also there was no provision in the estimate and the relevant records gave no indication that compaction had actually been carried out. Test reports also were not available to back the claim.

TAXES AND REGISTRATION DEPARTMENT

4.5.10 Purchase of vehicles not suited to requirements

Expenditure of Rs 98.11 lakh on purchase of vehicles without taking into account field requirements was rendered largely unfruitful in achieving the objectives

The Commissioner Trade Tax, Uttar Pradesh (CTT) submitted (July 2004-March 2005) proposals to the Government for purchase of 34 Tata Spacio Hard Top vehicles at a cost of Rs. 1.11 crore. According to the proposals these vehicles were considered speedier, spacious and safe on all roads and in all weather conditions for chasing tax evaders.

Scrutiny (July 2005) of records of the CTT revealed that instead of Tata Spacio Hard Top, the Government sanctioned (August 2004- March 2005) purchase of 34 Tata Spacio Soft Top vehicles at a cost of Rs 98.11 lakh. These vehicles were purchased between August 2004 and March 2005 and allotted (September 2004- May 2005) to the field offices¹. On reports received from field offices that the soft top vehicles were not suitable and safe during high speed chase operations and were inconvenient to use during all seasons, the CTT submitted (July 2005) a proposal to the Government to convert these vehicles into hard top at an estimated cost of Rs 27.20 lakh. The Government however, rejected (October 2005) the proposal.

¹ Aligarh (1), Amroha (1), Bareilly (2), Faizabad (2), Fatehpur (1), Jhansi (1), Lucknow (5), Mainpuri (1), Mathura (1), Rampur (1), Ghaziabad (7), Kanpur (2), Kannauj (1), Khatuli (2), Meerut (1), Mirzapur (1), Gorakhpur (1) and Varanasi (3): **Total = 34 nos.**

The users¹ of 27 vehicles in reply confirmed (March– April 2006) the problems faced in using these vehicles during raids and chasing tax evaders. The remaining seven² users stated that the vehicles were being used.

On the matter being pointed out (August 2005), the Government stated (February 2006) that these vehicles were being utilised fully. This reply was completely at variance with the views of the CTT conveyed to Government in July 2005 that these vehicles were not found useful for the purpose for which these were procured. The view taken by the CTT was endorsed by the users of 27 of the 34 vehicles who in reply echoed the views of the CTT. Moreover, the Government in reply (July 2006) stated that during 2005-06 purchase of hard top vehicles had been sanctioned which itself proved the injudicious purchase of soft top vehicles.

Thus, the injudicious sanction/ purchase of 34 Tata Spacio Soft Top vehicles at a cost of Rs 98.11 lakh against the specific request of the user Department could not fully achieve the desired objective.

¹ T.T.O's Aligarh (1), Amroha (1), Bareilly (2), Faizabad (2), Fatehpur (1), Jhansi (1), Lucknow (5), Mainpuri (1), Mathura (1), Rampur (1), Ghaziabad (7), Kannauj (1) and Varanasi (3): **Total = 27 nos.**

² T.T.O's Kanpur (2), Khatuli (2), Meerut (1), Mirzapur (1), and Gorakhpur (1): **Total = 7 nos.**