CHAPTER-IV

AUDIT OF TRANSACTIONS

4.1 Fraudulent drawal/Misappropriation/Embezzlement/Losses/ Overpayments

PUBLIC WORKS DEPARTMENT

4.1.1 Corrupt practice leading to excess expenditure

Material approved for use in strengthening of a road was substituted by costlier material on the recommendation of local MLA which resulted in excess expenditure of Rs. 92 lakh.

The Government sanctioned (February 2006) widening and strengthening of Aliganj Sarai Aghat road (Other District Road) upto Sankisa (length: 23.20 km) at a cost of Rs. 7.16 crore under the State Road Fund. The Chief Engineer (CE), Public Works Department, Agra Region, Agra accorded (March 2006) Technical Sanction (TS) for Rs 7.01 crore for a length of 21.45[1] km. The approved estimate provided for widening of the road from 3 to 5.50 metres and strengthening of the entire width of the road by two layers (7.5 centimetre each) of Water Bound Macadam (WBM) followed by First Coat Painting (P-1) and Premix Carpet (PC) and Seal Coat as per the guidelines issued (January 2004) by the Government. The Department executed (March 2006) a contract bond (CB) for Rs. 6.51 crore adopting the specification and items as provided in the TS. The work was completed by the stipulated date and payment of Rs. 6.43 crore made to the contractor as of March 2007.

Scrutiny (December 2006) of the records of the Executive Engineer (EE), Construction Division-III, Kasganj Etah, however, revealed that while the work was in progress, the CE reduced the length of road to 20.745 km to suit the site requirement and revised (September 2006) the estimated cost to Rs. 7.16 crore by substituting the 2nd layer of WBM and PC by 50 mm thick Bituminous Macadam (BM) and 25 mm thick Semi Dense Bituminous Carpet (SDBC) respectively and the work was executed accordingly. The cost of the substituted materials was Rs 3.75 crore whereas use of materials as per original approved estimate/ CB would have cost Rs. 2.83 crore only for the same work.

On this being pointed out (December 2006) in audit, the EE stated that the BM was used in place of WBM on the recommendation of the local MLA. The reply was not tenable as the work should have been executed as per approved specification and in accordance with extant guidelines of the Government. Further, it was noticed that the said MLA was a partner in the contracting firm who recommended the change to the costlier specification.

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[1] Actual length of Road was 22.45 km out of which 1 km was cement concrete road in abadi portion.

Thus, accepting the costlier option on the advice of the local MLA who was himself an interested party was a clear indication of collusion between the contractor and the EE. This amounted to a corrupt practice resulting in an excess expenditure of Rs. 92 lakh, which needs to be investigated.

The matter was referred to Government in July 2007 and its modified version again issued in November 2007; reply had not been received (November 2007).

4.1.2 Extra avoidable expenditure on strengthening of road and suspected fraud

Strengthening of Mustafabad– Eka road by 75 mm thick BM against the requirement of 50 mm resulted in extra avoidable expenditure of Rs. 43.35 lakh, besides suspected fraudulent payment of Rs. 14.67 lakh.

Financial rules provide that a detailed estimate must be prepared and Technical Sanction (TS) obtained from the competent authority before the commencement of work to guarantee that the proposals are structurally sound and estimates are accurately calculated and based on adequate data. The Government in December 2003 issued directions that for strengthening of Other District Roads (ODR), a provision of 50 mm (maximum) Bituminous Macadam (BM) should be made if non-bituminous crust was up to 40 centimetre (cm) as laid down under Indian Road Congress (IRC) standard.

Scrutiny (October 2006 and May 2007) of the records of the Executive Engineer (EE), Construction Division, Firozabad revealed that the Government sanctioned (24 February 2005) widening and strengthening of Mustafabad-Eka road (ODR length : 11 km) at a cost Rs 4.20 crore under the State Road Fund. As per directions (December 2003) of the Government as well as traffic count[1], soil testing and crust design[2], the requirement of BM was only 50 mm. But while working out the cost of construction, 50 mm thick BM was changed to 75 mm. thickness. The estimate framed for Rs 4.20 crore on the basis of excess quantities (4125 cum against the requirement of 2750 cum) was sanctioned (30 March 2005) by the Chief Engineer (CE), Agra Zone, Agra. The work was completed (August 2005) through a contract Bond[3] (CB) executed on 24 March 2005 at the level of Superintending Engineer (SE), Agra circle before the TS was accorded (30 March 2005). Payment was made to the contractor for 4195 cum BM laid on the basis of measurement recorded in the measurement book (MB) which incidentally did not corroborate with the quantities (3706 cum) of BM despatched from the Hot Mix Plant (HMP) on different dates for laying at the site. This indicated recording of inflated measurement of BM in the MB and resultant excess payment of Rs 14.67 lakh to the contractor. Besides, had the department followed the direction of the Government regarding

1 25 February 2005 to 3 March 2005
2 7 March 2005 to 12 March 2005 by out sourcing Shree Balaji Test House, Agra
3 CB no.45/SE Agra/05-06 (Date of start : 24 March 2005 and Date of completion: 23 June 2005)

thickness of BM as also equivalency factor[1] of BM with WBM, the cost of 1445 cum BM[2] amounting to Rs 43.35 lakh could have been saved.

Thus, negligence of EE to CE in according inaccurate TS, ignoring Government's direction, site requirement, and entering into CB before sanction of TS was accorded, resulted in an extra avoidable expenditure of Rs. 43.35 lakh on unnecessary strengthening. The discrepancy in the date and quantity of material despatched from HMP and its laying at the site also indicated the possibility of fraudulent payment, which needs to be investigated.

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (September 2007) accepted the facts and figures and ordered for a detailed enquiry to fix responsibility.

RURAL DEVELPEMENT DEPARTMENT

4.1.3 Infructuous expenditure on water recharging scheme

Execution of water recharging projects in heavy rainfall zone of the *Tarai* district of Gorakhpur at a cost of Rs. 1.63 crore rendered the expenditure infructuous. The projects executed were also not verified by any responsible officer of the Department rendering the payments suspect.

With a view to achieving the objective of sustainable human development at the village level, the Government of India (GOI) launched the Prime Minister's Gramodaya Yojna (PMGY) from the year 2000-2001. The scheme envisaged an Additional Central Assistance (ACA) for selected basic minimum services in certain priority areas[3] earmarked by GOI. Under the component of rural drinking water scheme of PMGY, a minimum of 25 *per cent* of the total allocation was to be utilized by the State on projects/ schemes for water conservation, water harvesting, water recharging and sustainability of drinking water sources in water stress/ drought affected areas. This allocation was not to be utilised in those areas where ground water level and rainfall was high. In accordance with the guidelines of GOI, Director, Ground Water Department, Uttar Pradesh Lucknow decided (October 2004) that only those areas where ground water was declining constantly, the depth of water strata was more than eight metres from ground level during the post-monsoon month of November and annual declination of water level was more than 20 centimetres in pre-monsoon period in comparison to previous years were to be covered. *Tarai*[4] areas were to be kept out of the purview of scheme as these areas fell in high rainfall zone.

Scrutiny of records (August 2006) of the District Development Officer, Gorakhpur (DDO), revealed that a Non-Government Organization (NGO)[5] submitted (May 2005) a proposal for construction of ponds and

1 1 BM=1.5 Water Bound Macadam
2 4195 cum -2750 cum = 1445 cum at the rate of Rs.3000 per cum amounted to Rs.43.35 lakh
3 Rural roads, primary education, primary health, rural shelter, rural drinking water and nutrition.
4 Plain area adjacent to the foothills of the mountains.
5 Vandana Sewa Sansthan, Jhoonsi, Allahabad.

link drains under the water recharging scheme for 13 projects costing Rs. 1.75 crore in Gorakhpur district. The Government sanctioned (May 2005) these projects without exercising preliminary checks and even without the recommendations of the District Magistrate (DM)/ Chief Development Officer (CDO) about the fruitfulness of the projects proposed by the NGO. The DM subsequently reported (October 2005) to the Government that none of the blocks (*Vikas Khand*) in Gorakhpur district had water level at more than eight metres from the ground level and were thus, not eligible for coverage under the scheme. Besides, the district was in the *Tarai* area, a high rainfall zone[1]. Despite the report of the DM, the Chief Development Officer, Gorakhpur (CDO) on the directions (November 2005) of the Principal Secretary released[2] Rs. 1.63 crore to the NGO for implementation of the projects. The NGO utilized Rs. 1.63 crore on the projects up to November 2006 and works were completed except for construction of one water drain (cost: Rs. 1.13 lakh). Execution of water recharging projects in the heavy rainfall zone having ground water level not below eight metres, in violation of the scheme guidelines rendered the expenditure of Rs. 1.63 crore infructuous. The quantum of physical execution of the project as reported by the NGO was also not verified by any responsible officer of the Department.

Thus, payment of Rs. 1.63 crore to a NGO for the projects related to recharging of ground water in a high rainfall zone was not only in disregard to the guide lines of GOI but was also fraught with the risk of fraud and pilferage of Government money due to non- validation of the actual quantum of work and expenditure incurred on them.

The matter was reported to the Government in April 2007; reply had not been received (November 2007). However, the Government during discussion (November 2007) stated that the works executed under the scheme were being investigated by a team of technical experts and promised to send the report on its receipt. The report had not been received (November 2007).

4.1.4 Fraudulent drawal for purchase of computers

Violation of purchase rules facilitated a firm to defraud the Department of Rs. 22.50 lakh in collusion with officers of the district administration as well as the Bank.

The Member of Parliament (MP) of Garotha constituency in District Jalaun recommended (17 September 2003) supply of 30 computers at a cost of Rs. 30 lakh to six educational institutions (five to each) to promote computer education in schools/ colleges, under the MPLADS. The MP specified a particular firm[3] for placing the supply order on the ground that it was duly approved by DGS&D and had a tie up with UPTRON and also recommended advance payment of 75 *per cent* of the cost of computers in violation of MPLADS guidelines.

1 Average annual rain fall: more than 1200 mm.
2 Dec. 2005: Rs. 1.05 Crore and July 2006: Rs . 0.58 lakh
3 M/s.SRJ Software Private Limited New Delhi.

Scrutiny of records and information collected (July 2007 and August 2007) from the Project Director (PD) District Rural Development Agency (DRDA), Jalaun at Orai revealed that the PD without assessing the need of computers for the schools in question or scrutinizing the validity of the rate contract of DGS&D and deciding the terms of payment, executed (24 September 2003) an agreement with the firm (with the approval of the DM) for supply of 30 computers at a cost of Rs. 30 lakh (@ Rs five lakh per institution). The agreement also stipulated payment of an advance of Rs. 22.50 lakh in violation of the store purchase rules and MPLADS guidelines. The Chief Development Officer (CDO) while holding the charge of PD executed the agreement without obtaining any bank guarantee from the supplier and also without mentioning brand of the computer and its specifications in the supply order. The supply order was placed on the basis of a letter produced by the firm stating that it was an approved supplier of HCL brand of computers, as per rate contract of DGS&D. An amount of Rs. 22.50 lakh was deposited on 25 September 2003 at the Orai branch of the Allahabad Bank for preparation of bank draft in favour of the firm payable at its New Delhi Branch. The supplier obtained the bank draft from the Bank on 25 September 2003 directly without giving any acknowledgement in token of its receipt. The Dealing Assistant of DRDA informed the police on the same day that the bank draft in question was misplaced. Meanwhile, the Bank issued 'No Payment Certificate' on 25 September 2003 at the request of the CDO. The MP also cancelled the sanction on 25 September 2003 on the pretext that the list of schools was yet to be finalized as some of the earmarked schools were already equipped with computers. The firm managed an overdraft of Rs. 21 lakh against this bank draft on 26 September 2003 from his current account. The HCL was also not an approved supplier of its brands under any rate contract of DGS&D.

The CDO instead of lodging a First Information Report (FIR) immediately against the firm for collecting the bank draft, lodged (February 2004) the FIR against the firm with the police after about four months. The Bank despite the request (23 October 2003) of the CDO to cancel the bank draft and credit the money to the accounts of DRDA, did not credit the amount to DRDA on the ground that it was withheld in connection with a case pending in Debt Recovery Tribunal. Thus, the firm managed the drawal of Rs. 22.50 lakh from DRDA without supply of the computers.

The gross violation of purchase rules and MPLADS guidelines in sanctioning and awarding the supply order, deposit of funds in Bank on the date of issue of the supply order itself with the intention to facilitate preparation of the bank draft expeditiously, delivery of the bank draft by the bank to the firm directly and ultimately payment to the firm against the bank draft appears to be not a matter of chance or coincidence. The sequence of events indicated that the drawal was arranged fraudulently in a pre-planned manner with the collusion of officers of the district administration as well as the Bank. Moreover, the fraud was neither reported to the next higher authority in the Department immediately nor to the Principal Accountant General.

The matter was reported to the Government in September 2007; reply had not been received. However, the Government during discussion (September 2007) stated that action was being taken in the matter.

URBAN DEVELOPMENT DEPARTMENT

4.1.5 Excess payment on cement concrete road works

Payment of cement concrete road works at higher rates without verification from PWD facilitated excess payment of Rs. 34.72 lakh to the contractor in a surreptitious manner, by the Nagar Palika Parishad Sambhal, Moradabad.

As per financial rules, spending officers should constantly remind themselves that expenditure from public money is incurred with the same vigilance as a person of ordinary prudence exercises in incurring expenditure out of his own money. Further, the management is responsible to review and ensure that an in-built mechanism of internal control has been so devised as to prevent fraud, pilferage of public money and misuse of the authority.

Scrutiny (August 2006 and May 2007) of the records of the Nagar Palika Parishad Sambhal, Moradabad (NPP) revealed that without getting the rates verified by the PWD, the Junior Engineer (JE) NPP prepared the analysis of rates according to which the rate for the construction of cement concrete (CC) roads[1] was Rs. 2759 per cubic metre for laying a ten centimetre thick slab over a prepared sub- grade as per SI No 773 of Public Works Specification. Ignoring the fact that the rate worked out by the JE, NPP were not authenticated by the nodal division of the PWD, the NPP constructed 143 number of CC roads during 2000-03 on the basis of an informal checking of the rates by a JE of another PWD Division at Moradabad in his individual capacity and made payments at this rate (Rs. 2759 per cubic metre) during 2000-2003 for 6501.76 cubic metre of CC works. The rate of CC works of the same specification approved (December 2001) by the Superintending Engineer, Moradabad circle PWD, Moradabad at the request of the Chief Development Officer Moradabad was only Rs. 2225 per cubic metre. The payment at the higher rates resulted in excess payment of Rs. 34.72 lakh[2] to the contractors surreptitiously in collusion with the JEs of the NPP and PWD. Of this, Rs. 24.19 lakh were paid for 4529.23 cum even after the SE, PWD has approved the lower rate of Rs. 2225.

The NPP in its reply admitted (May 2007) the facts and intimated that disciplinary action had been initiated against the concerned JEs of NPP.

The involvement of other officers of NPP in approval of estimates, finalization of tenders and release of payments to the contractors also needs to be investigated.

The matter was referred to the Government in September 2007; reply had not been received (November 2007).

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1 Cement, sand and approved 4 cm gauge stone ballast in the ration of 1:2:4.

2 (Rs 2759- Rs 2225) X 6501.76 cubic metre= Rs. 34.72 lakh.

4.2 Excess payment/ wasteful/ infructuous expenditure

PUBLIC WORKS DEPARTMENT

4.2.1 Extra avoidable expenditure on Bituminous Works

Utilization of costlier grit in bituminous works overlooking its availability at a shorter distance and payment thereof without verifying the collection of the material from a farther quarry paved the way for draining out Rs. 1.02 crore extra from the Government exchequer in a surreptitious manner.

Financial rules[1] of the Government stipulate that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Scrutiny (June 2006) of the records of the Executive Engineer (EE), Construction Division I, PWD, Basti revealed that Government sanctioned (January 2005) the widening and strengthening of Lumbini Duddhi Road (State Highway No.5) from Km. 77 to 107 at a cost of Rs. 16.78 crore. Chief Engineer (CE), Gorakhpur Zone, PWD Gorakhpur accorded technical sanction to the work in March 2005. Superintending Engineer (SE), Basti Circle, PWD, Basti awarded (March 2005) the work to a contractor through two contract Bonds[2] at 12.86 *per cent* and 13.61 *per cent* below the estimated cost for Km 77 to 91 and Km 92 to107 respectively.

The strengthening work comprised, among other things, an overlay of 50 mm thick Bituminous Macadam (BM) followed by 25 mm thick Semi Dense Bituminous Concrete (SDBC). The rates of BM and SDBC works were worked out in the estimates on the basis of collection of road metal from a farther distance (381 Kms) from Dala quarry ignoring availability of the approved Butwal quarry grit of the same specification at a shorter distance (120 Kms). No reasons were recorded for not using the Butwal grit. At the time of the execution of the contract bonds also, the availability of the Butwal grit was not taken into consideration. Payments were made to the contractor in both the cases for Dala grit without ascertaining from the *Rawanna*[3], toll tax receipts, etc that the grit was actually procured from the earmarked quarry. The execution of the BM and SDBC work with Dala grit cost Rs. 3875.20 per cum and Rs. 4987 per cum respectively as against Rs. 3312.65 per cum and Rs. 4453.25 per cum payble for the Butwal grit. Provision of utilization of Dala grit in the BM and SDBC works in the estimates and payment thereof to the contractor without ensuring the collection of the grit from the earmarked

[1] Para 205 of UP Budget Mannual.
[2] 07 SE dated 11.03.05 for Rs. 6.20 crore from Km. 77 to Km. 91.
08 SE dated 11.03.05 for Rs. 6.36 crore from Km.92 to 107.
[3] Challan issued by the revenue authorities for the carriage of the road metal from the quarry.

quarry, led to an extra avoidable expenditure of Rs. 1.02 crore[1] (BM: 12571.76 cum and SDBC: 5820.16 cum) on the work.

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (September 2007) assured that copies of the *Rawanna* in support of collection of the grit from the Dala quarry would be made available. The Government also endorsed the reply (September 2006) of the CE that the grit of the required specification was not available at the Butwal quarry at the time of execution of the contract bonds in March 2005. The reply was not tenable, as Butwal was an approved quarry of PWD for all purposes and rates for the grit of that quarry were approved by SE during 2005 and in earlier years[2]. Moreover, records regarding non- availability of Butwal grits at the time of execution of the contract bonds were not made available at the time of discussion. The copies of *Rawanna* were also not made available corroborating that payments were made to the contractor without verification of collection of the grit from the earmarked quarry.

4.2.2 Excess payment due to higher road metal rate

Approval of inflated road metal rates in vertical contracts by adding inadmissible stacking charges resulted in excess payment of Rs. 31.66 lakh to the contractors.

Financial rules provide that road metal[3] rates (RMR) at which metal can be supplied to the road side should be fixed for every division. In order to ensure that the estimates are framed on the basis of rates calculated accurately as provided under financial rules, the Engineer-in-Chief (E-in-C), Public Works Department (PWD) also issued (September 2003) a circular directing that skeleton for analysis of rate should be the same throughout the State.

Scrutiny (March 2007) of records relating to six divisions[4] revealed that during 2005-06 and 2006-07, RMR approved for works were calculated wrongly by adding inadmissible stacking charges at rates between Rs 17.25 and Rs 18.10 per cubic metre in the vertical contracts. In a vertical contract, only the executed quantities of the work are measured and paid for. In the works test-checked in audit, an excess payment of Rs 31.66 lakh was made to contractors on account of stacking charges on 14 road works using 1,82,857 cum road metal as detailed in ***Appendix-4.1.***

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (September 2007) accepted the facts. The E-in-C justified stacking charges on the grounds of

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1 CBNo: 07SE: BM 5981.42 cum @ Rs562.55per cum =Rs33.65 lakh
SDBC 2714.85 cum @ 533.75per cum= Rs14.49 lakh
Total = Rs48.14 lakh
CB No: 08 SE: BM 6590.34 cum @ 562.55 per cum= Rs37.07 lakh
SDBC 3105.31 cum @ 533.75 per cum=Rs16.57 lakh
Total =Rs53.64 lakh
Grand Total =Rs101.78 lakh

2 1995, 1999 and 2005

3 Road metal are stone pieces of different size mined from approved quarry which are used in the construction of road.

4 PD-Saharanpur, Mainpuri, Muzaffarnagar, Fatehpur, CD-Mainpuri and CD III Kasganj Etah

quality control during discussion. Justification offerred by the E-in-C was not acceptable as stacking had no relation to the quality control.

RURAL DEVELPEMENT DEPARTMENT

4.2.3 Excess payment of centage charges

Failure of the District Development Officer in exercising checks over the estimates for installation and re-boring of hand pumps by the executing agencies led to excess payment of Rs. 1.60 crore to the executing agencies.

The Government of India (GOI) launched (November 2000) the Prime Minister Gramodaya Yojna (PMGY)-Rural Drinking Water under the District Sector. Accordingly, the State Government assigned the target for installation of 10284 new hand pumps and re-boring of 7925 old hand pumps to U.P. Jal Nigam (UPJN) and U.P. State Agro Industrial Corporation (Agro) in the ratio of 90:10 during 2001-07 in the five test checked districts[1]. Further, the Government issued (November 2001 and September 2002) orders that centage charges[2] would be restricted to 12.5 *per cent* of the total expenditure on installation/ re-boring of hand pumps. The Government also clarified (December 2004) that centage charges of 12.5 *per cent* were allowed in lieu of 5 *per cent* contingency charges admissible for work charge establishment under Central Government schemes.

Scrutiny (June-November 2006) of records of District Development Officers (DDOs) Faizabad, Gautam Budha Nagar, Hardoi, Moradabad and Pratapgarh revealed that the concerned DDOs released Rs 33.96 crore[3] during the period 2001-07 to UPJN and Agro without scrutinizing their estimates with reference to admissibility of the centage charges in the light of the extant orders of the Government. These releases were made in lump on the basis of estimates submitted by the executing agencies without laying down the condition to adjust the cost on the basis of actual expenditure on installation of each hand pump. Against these releases, the executing agencies installed a total of 10,135 new hand pumps and conducted re-boring of 7,814 hand pumps during 2001-07. It was, however, noticed that the executing agencies charged 11.50 *per cent* in district Gautam Buddha Nagar and 13.50 *per cent* in Faizabad district in addition to the permissible limit of 12.5 *per cent* of centage charges. Similarly, executing agencies in Hardoi, Moradabad and Pratapgargh districts charged extra five *per cent* on account of contingencies and work charged establishment, which was not admissible. This led to an excess payment of Rs. 1.60 crore[4] to the executing agencies (UPJN: Rs. 1.50 crore and Agro: Rs. 10.20 lakh).

The matter was reported to the Government in June 2007; reply had not been received (November 2007). However, the Government during discussion (November 2007) stated that UPJN had assured to refund excess amount so

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1 Faizabad, Gautam Budh Nagar, Hardoi, Moradabad and Pratapgarh.

2 Schedule of fees for all services rendered by autonomous bodies to the State Government, Local Bodies, Institutions or individuals.

3 Faizabad: Rs 6.85 crore, Gautam Buddha Nagar: Rs 45 lakh, Hardoi: Rs 7.22 crore, Moradabad: Rs 9.52 crore and Pratapgarh: Rs 9.92 crore.

4 Faizabad : Rs 43 lakh, Gautam Budha Nagar: Rs 6 lakh, Hardoi: Rs 30 lakh, Moradabad: Rs 48 lakh and Pratapgarh: Rs 33 lakh.

charged or execute additional works in lieu thereof. The Government did not reply to the excess payment made to the Agro or its recovery.

SECONDARY EDUCATION DEPARTMENT

4.2.4 Double drawal of salary of a driver

System failure led to double drawal of pay and allowances for Rs. 1.11 lakh of a transferred driver.

Scrutiny of records (August 2007) of the Finance and Accounts Officer (FAO), Fatehpur revealed that a driver in the office of the Director, Secondary Education, Allahabad (Directorate) was transferred (May 2006) to the office of the District Inspector of School (DIOS), Fatehpur. The Directorate relieved the driver in June 2006 but neither issued his LPC nor sent an appropriate intimation to the DIOS concerned. The DIOS, Fatehpur, included the name of the driver in the pay bills of his office without supporting the claim of first payment with the LPC in July 2006 and submitted it to the Treasury Officer Fatehpur for the payment. The Treasury Officer also did not exercise the essential checks at the time of first payment for the month of July 2006 and passed the pay bills aggregating Rs. 1.11 lakh up to May 2007. The pay of the incumbent drawn was credited to his savings bank account of every month. The Directorate, meanwhile, without verifying the attendance of the driver continued to draw his pay and allowances amounting to Rs. 1.20 lakh from June 2006 to May 2007 from the Allahabad Treasury and credited the amount to his savings bank account. Despite drawal of salary both by Directorate and the DIOS and crediting of the amount to his saving bank account for eleven months, the driver neither brought this fact to the notice of his superior officers nor refunded the amount of Rs. 1.11 lakh credited to his account, in excess.

The DIOS stopped payment of salary in June 2007 for want of LPC and other service records and requested the Directorate to send these documents related to the incumbent. The case of drawal of salary from both offices came to light (September 2007) after receipt of LPC and other records from the Directorate.

The recovery of the amount was started from his arrears (June 2007 to September 2007) @ Rs. 1500 per month and as of October 2007 Rs. 7500 had been recovered. Thus, system lapses in adherence to the financial rules led to double drawal of salary for eleven months.

The matter was reported to the Government in October 2007; reply had not been received (November 2007). However, the Government during discussion (November 2007) stated that the matter will be further investigated to locate officers responsible for double drawal for initiating action against them.

URBAN DEVELOPMENT DEPARTMENT

4.2.5 Wasteful expenditure and locking up of funds

Commencement of work without obtaining legal title to the land resulted in wasteful expenditure of Rs. 15.70 lakh and locking up of funds of Rs. 1.33 crore.

The Government of India (GOI), Ministry of Textile sanctioned (October 2002) establishment of Avadh Haat at Lucknow at a cost of Rs. 2 crore for promoting handloom and handicrafts sector in the State. The cost of the project was to be shared between the GOI and State Government in the ratio of 70:30. The construction was to be completed within 18 months. The District Urban Development Agency (DUDA) Lucknow was to implement the project through a High Level Screening Committee (HLSC). DUDA was required to ensure that the site was free from all encroachment/ encumbrances and as per directions (October 2002) of the HLSC, was to obtain necessary clearance from the concerned agencies prior to the start of the construction work. DUDA took possession (October 2002) of *Nazul* land from the Lucknow Development Authority (LDA) without obtaining its legal title and approval to the change in land use.

Scrutiny of the records of DUDA Lucknow revealed (February 2007) that the State Government released its share of Rs. 60 lakh in November 2002 and 50 *per cent* GOI share (Rs. 70 lakh) in March 2003. The DUDA without obtaining legal title to the earmarked land commenced (October 2002) the work and incurred an expenditure of Rs. 15.70 lakh during May-October 2003 on construction of boundary wall, plinth work of shops, preparations of design and drawings, plantations, etc. As the site was in close vicinity of two buildings of historical importance, the work was stopped (November 2003) in view of objections of the Archeological Department. The Archeological Department cleared the proposal in January 2004. However, the construction could not be resumed for want of sanction to change in land use and approval to the site plan by the Government. After a gap of three years, the work was resumed in September 2006 but had to be stopped again due to protests by the local people.

The HLSC requested (January 2007) the LDA to allot another piece of land free from all encroachments/ encumbrances and free of cost. No land was allotted for the project as of July 2007. As a result, the unspent balance of Rs. 1.33 crore (Principal: 1.14 crore and Interest: Rs. 18.81 lakh) was lying in the saving bank accounts (February 2007) for last four years.

Thus, commencement of the work on Avadh Haat by the DUDA without obtaining the required land resulted in wasteful expenditure of Rs. 15.70 lakh, besides locking up of Rs. 1.33 crore in bank accounts.

The matter was reported to the Government in May 2007; reply had not been received. However, the Government during discussion (August 2007) stated that permission for transfer of land use was not granted as the land was situated in the Hussainabad Heritage Zone and use of this land could only be made for heritage purposes. The reply was not tenable as Archeological

Department, Government of India had already accorded (January 2004) 'No Objection Certificate' for construction of the Avadh Hatt. Moreover, a suitable alternative piece of land as requested by HLSC, should have been arranged for establishing the Haat.

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

IRRIGATION DEPARTMENT

4.3.1 Avoidable extra expenditure on lining work of a canal

Irregularities in award of work led to time over run and avoidable extra expenditure of Rs. 40.41 lakh on lining work of Sirsi- Baraundha Feeder Canal.

Under Financial rules, tenders can be rejected in case rates are higher than market rates and contractors are unreliable. After rejection, negotiation can be started with the contractors with the approval of next higher authority. If none is willing to take up the work on the amount considered fair, the work can be allotted by selection to any reliable contractor after obtaining approval of the Chief Engineer (CE).

With a view to overcome the problem of seepage of Sirsi- Baraundha Feeder Canal (length: 16.585 km) a short term tender was invited (January 2001) for the concrete lining work of the canal (from 9.30 km to 13 km) by the Superintending Engineer, Ban Sagar Canal Construction Circle-2 Mirzapur. In response, two tenders were received of which, the tendered cost of Rs. 2.22 crore of U.P. Samaj Kalyan Nirman Nigam, Lucknow (the Nigam) was the lowest. The tendered cost offered was also lower than the departmental estimate (Rs. 2.30 crore)[1]. Instead of approving the tender of the Nigam, both the parties were called (March 2001) for negotiation under the orders of Superintending Engineer. As none of the tenderers agreed to reduce their rates, the work was irregularly awarded (April 2001) by the Department on selection basis at a cost of Rs. 2.22 crore to a contractor who had not even responded to the notice inviting tender for the work. The work was scheduled for completion by June 2002.

Scrutiny (February 2006) of the records of the EE, Ban Sagar Canal Construction Division-6, Mirzapur revealed that the contractor executed those items of work only for which he had quoted higher rates than those were quoted by the Nigam. These items were executed 154.53 to 390.39 *per cent* in excess of the estimated quantities. The execution of items for which lower rates were quoted either ignored or executed for small quantities[2]. The contractor did not complete the work even by the extended period (June 2003) and stopped the work after executing the work (35.78 *per cent*) valuing Rs. 83.05 lakh. The Department rescinded and finalised (June 2004) the agreement by imposing (August 2005) penalty of one *per cent* of bonded cost.

[1] Revised to Rs. 4.29 crore in March 2006

[2] Between 13.98 *per cent* and 56.24 *per cent* of the estimated quantities only

To complete the balance work, fresh contract bond (CB) was executed (February 2004) with another contractor for a cost of Rs. 1.99 crore with the scheduled date of completion as June 2004 (extended up to June 2005). The work was completed in March 2005 at a cost of Rs. 2.90 crore (145.34 *per cent* above the bonded cost). The total expenditure incurred on the work amounted to Rs. 3.99 crore (CB: Rs 3.73 crore[1] and miscellaneous expenditure: Rs. 0.26 crore) against the original estimated cost of Rs. 2.30 crore. The extra expenditure of Rs 1.18 crore[2] included cost escalation of Rs. 40.41 lakh, unsanctioned extra items of Rs. 52.70 lakh and miscellaneous expenditure of Rs. 26 lakh.

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (October 2007) directed the Chief Engineer, Ban Sagar to submit the records relating to the issue of reduced penalty and irregularity in allotment of work to contractor. However, the records submitted by the Division had already been taken into consideration by the audit.

Thus, undue favour to a contractor in allotment of work against the financial rules led to time over-run and avoidable extra expenditure of Rs. 40.41lakh.

4.3.2 Avoidable payment of interest

Piecemeal and delayed payment of land compensation/ decretal amount to land owners led to avoidable payment of interest of Rs. 1.16 crore by the Department.

Financial rules stipulate that money indisputably payable should never be left unpaid and it is very important to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date. Scrutiny of the records of the Executive Engineer (EE), Upper Ganga Canal, Modernisation Division-I, Rorkee and EE, Irrigation Construction Division, Ghaziabad revealed avoidable payment of interest of Rs. 1.16 crore due to delay in the payment of compensation/ decretal amount as discussed below:

4.3.2.1 Scrutiny (October 2006) of the records of the EE Upper Ganga Canal Modernization Division-I, Roorkee revealed that an award of Rs. 1.97 crore was made on 2 January 1988 by the Special Land Acquisition Officer (SLAO), Saharanpur as compensation for land for payment to land owners. The Division did not take action for obtaining budget allotment to ensure full payment of compensation at a time and paid Rs 1.90 crore in five spells between January 1988 and March 1997 from regular budget. Interest amounting to Rs 61 lakh calculated on the remaining amount each time was also paid by the Division to land owners. An amount of Rs. 6.53 lakh remained unpaid at the end of March 1997. Due to non-payment of the balance, the owners of land filed a case (1998) against the Department in the court of Additional District Judge Roorkee. The court ordered (November 2001) payment of Rs 11.09 lakh (including interest of Rs. 4.56 lakh) to the land owners. The Division, however, filed a civil petition (2002) in the High

[1] I[st] CB: Rs.0.83 crore
II[nd] CB:Rs.2.90 crore

[2] Rs 1.19 crore-Rs 0.01 crore (one *per cent* penalty)

Court of Uttranchal against the judgment of Additional District Judge, Roorkee. The High Court upheld (August 2003) the judgment of the district court and the Division had to finally pay (November 2006) Rs. 11.09 lakh in final settlement of the case. A total amount of Rs. 65.42 lakh[1] was paid as interest in addition to the amount of compensation for the land. The Government during discussion (October 2007) directed the Engineer-in-Chief, Irrigation Department to fix the responsibility for delayed payment of decretal amount.

4.3.2.2 Scrutiny (October 2006) of the records of the Executive Engineer (EE), Irrigation Construction Division, Ghaziabad revealed that 22.20 bigha land was acquired (April 1992) through Special Land Acquisition Officer (SLAO) for Hindon Yamuna Doab Bund Project at Gautam Buddha Nagar. The land owners not satisfied with the compensation awarded by the SLAO, filed a case in the court of District Judge, Bulandshahar. The court decided (May & August 1995) the case in favour of the landowners and passed orders to pay compensation of Rs. 56.50 lakh (including interest). The Department neither made the payment nor filed an appeal in the High Court timely[2] against the judgement of District Judge. Aggrieved farmers filed (1996) a case in the Additional District Judge, Fast Track Court, Gautam Buddha Nagar who ordered (December 2002) the Division to deposit the amount in the court. The Department once again did not take appropriate action timely which led to delay of about three more years in arranging funds. On allotment (22 March 2006) of funds, the Division deposited Rs 1.07 crore (including interest upto November 2005), in the district court who paid (March 2006) it to the land owners. Failure on the part of the Department for not pursuing the case effectively resulted in extra avoidable payment of interest of Rs. 50.50 lakh.

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (October 2007) accepted the facts and figures and stated that the case was still pending in the High Court and procedural delay in the case could not be attributed to the Department. The plea extended by the Government was not tenable as the Department neither made the payment nor filed the appeal timely in the High Court against the judgment of District Judge. Besides, no stay was granted by the High Court against the judgment of the District Judge who had already paid (March 2006) the compensation to the land owners.

MEDICAL EDUCATION DEPARTMENT

4.3.3 Avoidable payment of custom duty

Non-production of the valid certificate for exemption of custom duty resulted in avoidable payment of Rs. 48.76 lakh.

Sanjay Gandhi Post Graduate Institute of Medical Sciences, Lucknow (Institute) was registered with the Ministry of Science & Technology (MOST), Department of Scientific and Industrial Research (DSIR) New Delhi, for the

[1] Rs.17.59 lakh in January 1989, Rs. 0.55 lakh in February 1989, Rs. 36.26 lakh in August 1991 and Rs. 6.46 lakh in March 1997 and Rs. 4.56 lakh in November 2006.

[2] The department filed appeal on 20-07-96 against orders dated 12-05-95 and on 14-07-03 against order dated 03-08-95 after lapse of a period of 01year and 07 years respectively.

purpose of availing customs and central excise duty exemptions. As per the schedule of Tariff applicable for the year 2005-06, the custom duty including additional duty leviable thereon was exempted on equipment imported for Research and Development projects, on furnishing a certificate to the Custom authorities from an officer not below the rank of a Deputy Secretary in the Government of India at the time of importing the equipment.

Scrutiny (December 2006) of records of the Institute disclosed that the Institute imported (October 2005) a High Energy Linear Accelerator from a Switzerland based firm[1] at a cost of Rs. 10.24 crore under IRHPA[2] Programme sanctioned by DSIR, New Delhi in June 2004. For availing exemption of the custom duty, the Institute furnished (October 2005) a certificate to the Assistant Commissioner of Customs, Chennai. The certificate issued in favour of the Assistant Commissioner was however, not as per the prescribed format. The Director of the Institute issued (October 2005) a fresh certificate under his own signature instead of furnishing it through the Deputy Secretary Government of India as required. Due to non-validation of the certificate by the Custom Department, the Institute had to pay (November 2005) a custom duty of Rs. 48.76 lakh.

Thus, failure of the Institute to produce a valid certificate from the competent authority to the Custom authorities for exemption of the duty resulted in an avoidable payment of Rs. 48.76 lakh.

The matter was reported to the Government in April 2007; reply had not been received. However, the Government during discussions (September 2007) stated that the matter has been taken up with the custom authorities for clarification and the amount of custom duty, if refundable, will be got recovered accordingly.

URBAN DEVELOPMENT DEPARTMENT

4.3.4 Locking of funds and avoidable payments due to defective planning

An expenditure of Rs. 4.20 crore on site development without completing the land acquisition proceedings resulted in the abandonment of the work besides avoidable interest payment of Rs. 1.98 crore and locking up of Rs. 1.78 crore.

Scrutiny (July 2006) of the records of the Mathura Vrindavan Development Authority (MVDA) revealed that MVDA decided (1998) to develop Krishna Vihar Residential Project (estimated cost: Rs. 20.71 crore) on a land measuring 24.861 hectares in two villages. An amount of Rs. 2.04 crore[3] (80 *per cent* of the cost of the land) was deposited with the SLAO between March 1999 and June 2003.

[1] M/s Varian Medical Systems International AG.

[2] Intensification of Research in High Priority Areas.

[3] Azampur village:Rs. 1.05 crore (April 1999) and Ranchi Banger village: Rs. 0.99 crore (deposited between March 1999 and June 2003).

The MVDA without completion of land acquisition proceedings through SLAO, Mathura and any legal title to the land, incurred an expenditure of Rs. 4.20 crore on development of 714 plots (Azampur village: 568 and Ranchi Bangar Village: 146) and on common facilities between February 2000 and August 2006 out of a loan (April 2004) of Rs. 4.19 crore from HUDCO[1]. MVDA also allotted (March 2004) 700 plots (Azampur village: 558 and Ranchi Bangar village 142) at a cost of Rs. 16.06 crore. The land acquisition proceedings in respect of 6.535 hectares of land falling in two villages were challenged (January 2004 and March 2004) by four housing societies in the High Court on the ground that the adjacent piece of land purchased by them between April 1982 and February 1993 was annexed by the MVDA for the proposed housing scheme and included in the notification. The court quashed (September 2004) the notification made under the Land acquisition Act and restored (August 2006) the *status quo*. Meanwhile, the Government also released 9.524 hectares of land of Azampur village to the land owners on the ground that earlier land acquisition proceedings were not in order. As a result, the works were stopped and were lying suspended (November 2007). MVDA had also made the repayment of loan of Rs. 1.50 crore (principal: Rs. 0.42 crore and interest: Rs. 1.08 crore) as of February 2007. Further, refund of Rs. 4.28 crore along with interest of Rs. 89.58 lakh @ 9 *per cent* was made to 297 allottees of Azampur village between January 2006 and March 2007 due to the failure of the MVDA to give freehold ownership to the plot holders. The SLAO had released compensation of Rs. 26 lakh only to the land downers.

Thus, non- remunerative expenditure of Rs. 4.20 crore from borrowed funds without completing the land acquisition proceedings and even without any legal title was indicative of the defective planning. Besides, interest payment of Rs. 1.98 crore and locking up of Rs. 1.78 crore with SLAO for the last eight years without serving any purpose was detrimental to the financial health of the Authority.

The matter was reported to the Government in June 2007; reply had not been received. However, the Government confirmed the facts and figures during discussion (October 2007).

4.3.5 Avoidable interest payment

Delay in payment of insurance premium to the insurance company and transfer of TFC grants to the local bodies by the Government led to avoidable interest payment of Rs. 54.04 lakh.

Scrutiny of the records of the Director, Local Bodies, UP, Lucknow revealed avoidable payment of interest of Rs. 54.04 lakh in two cases, as discussed bolow:

The Government decided (May 1978) to provide insurance benefits to the employees of local bodies under the Group Savings Linked Insurance Scheme (GSLI scheme) of Life Insurance Corporation of India (LIC) with effect from 31 March 1978. The subscription for the insurance premium was to be deducted from the monthly salary of the employees and was to be paid to LIC. Insurance pay back was to be passed on to the employees on their retirement/

1 Housing and Urban Development Corporation.

death. The Government, in its meeting (March 1990) with the LIC decided that the premium would be paid by 20th of each month, failing which it would pay interest @ 12 *per cent* on the unpaid premium. Audit scrutiny (May 2006) of the records of the Director Local Bodies, U.P., Lucknow revealed that the Government did not release funds in time to the Director for the payment of salary and recovery of monthly installments of premium under the GSLI Scheme though demands were raised in time. As a result during the period 2000-2005 payments of premium to LIC were delayed from one month to 10 months. The Department had to consequently pay interest of Rs. 27.69 lakh[1] for that period.

Consequent upon the recommendations of Twelfth Finance Commission (TFC), Government of India (GOI) sanctioned (June 2005) Rs. 51.70 crore to Uttar Pradesh for supplementing the resources of the Rural and Urban Local Bodies. Under the guidelines, TFC grants were to be transferred by the State to the Panchayati Raj Institutions (PRIs)/ Urban Local Bodies (ULBs) within 15 days of their credit to the State's account. In the event of delay, the Government was to transfer the funds to PRIs/ ULBs along with interest at the rate equal to RBI Bank rate as per instructions of GOI. Scrutiny (May 2006 and December 2006) of records of the Director Local Bodies, U.P. Lucknow (Director) revealed that Rs. 51.70 crore received (November 2005) by the Government were transferred to PRIs/ULBs in January 2006 after a delay of 31 days. Consequently, the Government had to pay (September 2006) Rs. 26.35 lakh as interest to the ULBs.

Thus, failure in payment of premium to the insurance company within the prescribed period and delay in transfer of TFC grant to the local bodies led to the avoidable interest payment of Rs. 54.04 lakh.

The matter was reported to the Government in May 2007; reply had not been received. However, the Principal Secretary, Urban Development Department during discussion (September 2007) assured that control mechanism would be geared up in order to avoid such lapses in future.

4.4 Idle investment/ idle establishment/ blocking of funds; delays in commissioning equipment; diversion/ mis-utilisation of funds

ADDITIONAL ENERGY SOURCES DEPARTMENT

4.4.1 Locking up of funds meant for Energy Park

Failure of the Government in arranging suitable site for the State Level Energy Park at Allahabad, resulted in locking up of Rs. 1.26 crore.

The Government of India sanctioned (March 2003) setting up of a State Level Energy Park at Allahabad at a cost of Rs. 1.99 crore. Cost of energy systems and devices amounting to Rs. 94 lakh for the Park was to be borne by GOI and Rs. 1.05 crore for infrastructure and civil works by the State Government. The

[1] (1) Cheque No. 95609 dt. 31/3/01 Rs. 1974890, (2) Cheque No. 169368 dt. 31/3/02 Rs. 113652 (3) Cheque No. 249545 dt. 31/3/03 Rs. 113652, (4) Cheque No. 578532 dt. 31/3/04 Rs. 267082 and (5) Cheque No. 674974 dt. 18/5/05 Rs. 299285.

energy system and devices were to be installed within one year and in no case beyond 24 months from the date of sanction of project.

GOI released Rs. 47.15 lakh, 50 *per cent* of its share for purchase of energy systems and devices. The State Government also released[1] Rs. 78.80 lakh for development of infrastructure and civil works to Non-Conventional Energy Development Agency (NEDA). Land for setting up of the Park was made available to NEDA by District Administration Allahabad in May 2003 and the U. P. Rajkiya, Nirman Nigam (UPRNN) was engaged (June 2003) as the executing agency. The project, however, could not be taken up due to the claim of the Northern Railways over the ownership of site and direction (October 2003) of the High Court to maintain *status quo.*

An alternative site for the Park was made available in November 2005 and NEDA deposited Rs. 49.07 lakh with the UPRNN for commencement of civil works. This site was not found suitable as the land was located near the bank of river Yamuna and prone to floods. Besides, the site was at a lower level than the road and required large investments for its development. Subsequently, the Project Director NEDA Allahabad sent (April 2007) a fresh proposal to the Government for providing a suitable site, free of cost for the Energy Park. The proposal was, however, pending with the Government as of July 2007.

Thus, due to delay in allotment of a suitable site for the Park, Rs. 49.07 lakh was lying unutilised with the UPRNN and Rs. 76.88 lakh with NEDA as of July 2007. In the meantime, the cost of the component of the project to be met by the State Government escalated to Rs. 1.90 crore.

The Government in their reply and during discussion (September 2007) stated that action was being taken through the Revenue Department for making the cost free land available.

ANIMAL HUSBANDRY DEPARTMENT

4.4.2 Unfruitful expenditure on procurement of refrigerators

Procurement of refrigerators, without assessing their requirement and ensuring availability of necessary infrastructure, rendered the expenditure of Rs. 1.15 crore unfruitful.

The Government sanctioned (December 2005) Rs.7 crore under the project 'Establishment of cold chain in UP' (Project) to maintain the quality of vaccine for the vaccination programme and allotted (December 2005) Rs 5.35 crore for the year 2005-06 for implementation of the project in 29 districts[2] of the State. The project, included procurement and installation of 1495 refrigerators (two each in every district and block veterinary hospital and one in each D category[3] veterinary hospital) at a total cost of Rs. 2.24 crore.

[1] March 2003: Rs. 49.10 lakh and March 2004: Rs. 29.70 lakh.

[2] Lakhimpur Kheri: 75; Sitapur: 81; Pilibhit: 35; Shahjahanpur: 50; Rampur: 36; Bijnore: 43; Mainpuri: 48; Faizabad: 56; Ambedkar Nagar: 37; Gonda: 86; Balrampur: 36; Baharaich: 52; Sultanpur: 94; Pratapgarh: 88; Kaushambi: 34; Siddharth Nagar: 53; Basti: 57; Shrawasti: 34; Sant Ravi Das Nagar: 22; Banda: 41; Mahoba: 21; Chitrakoot: 24; Jaunpur: 81; Mau: 47; Azamgarh: 102; Jhansi: 40; Lalitpur: 40; Jalaun: 44; Hamirpur: 38.

[3] Located at remote places in rural areas.

Scrutiny of records (September 2006) of the office of the Chief Veterinary Officer (CVO) Mainpuri and information collected (March 2007) from the Directorate, Animal Husbandry Department, and CVOs of twelve districts[1] disclosed, that the Director without assessing the actual requirement and ensuring the availability of necessary infrastructure such as electrification of veterinary hospital buildings, generators as standby arrangements for uninterrupted power supply, provision of stabilisers for safe operation of refrigerators, placed the supply order (March 2006) for supply of 1495 refrigerators (capacity 300-310 litres each) without stabilisers at a total cost of Rs. 2.12 crore[2] (including taxes). Payments were released (March 2006) without receiving the refrigerators and without demonstration as per conditions of supply order. The refrigerators received in April 2006 were issued to the districts without any demand having been made by them. Records relating to 923 refrigerators supplied to thirteen test-checked CVOs[3], revealed that only 112 refrigerators were installed and put to use. Of the remaining 811 refrigerators, 504 were lying idle in stores, 61 were issued in excess of norms and 246 were issued to offices not involved in clinical works. Moreover, vaccines were also not supplied since May 2004 to hospitals/ dispensaries of these districts. Thus, the expenditure of Rs. 1.15 crore[4] on procurement of 811 refrigerators was rendered unfruitful mainly due to defective planning, lack of accessories and other infrastructural deficiencies at the grass root level.

The Government in their reply (September 2007) and during discussion (November 2007) stated that refrigerators were distributed as per norms and places where power supply was not available, these were installed at the nearby institutions to preserve various types of vaccines. The Government also stated that ensuring power supply was being stressed upon.

The reply was not tenable as the concerned CVOs had categorically stated (June 2007) that refrigerators were neither required at their hospitals/ centres nor put to use and also denied the receipt of vaccines under the project. The CVOs also confirmed the issue of refrigerators to dispensaries/ hospitals in excess of norms. Moreover, records pertaining to distribution of refrigerators as per norms, supply of vaccines and utilisation of refrigerators at the veterinary centres as contended were not made available during the discussion.

IRRIGATION DEPARTMENT

4.4.3 Unfruitful expenditure on incomplete distributary

Construction of Ajjupura distributary without acquiring land for the entire stretch of the distributary resulted in unfruitful expenditure of Rs. 2.30 crore as the distributary could not be made operational due to gaps in its alignment.

With a view to providing irrigation facility to 1525 hectare of agricultural land, construction of Ajjupura distributary (length 14.30 km) was provided for

1 Pratapgarh, Sultanpur, Jaunpur, Faizabad, Sitapur, Shahjhanpur, Lakhimpur- Kheri, Azamgarh, Basti, Sidarth - Nagar, Gonda, Bahraich .

2 @ Rs. 13491 each.

3 Mainpuri: 48; Pratapgarh: 88; Sultanpur: 94 and Jaunpur: 81; Faizabad; 56; Sitapur: 81; Shahjhanpur: 50; Lakhimpur- Kheri: 75; Azamgarh: 102; Basti: 57; Sidarth- Nagar: 53; Gonda: 86; Bahraich: 52.

4 811 X Rs. 13491 = Rs. 1.09 crore + Rs. 5.47 lakh as 5 *per cent* taxes.

under the Eastern Ganga Canal (EGC) Project. The discharge capacity of the distributary (Dy) at its head was 65 cusec and it was to take off from km 15.10 of right bank of Nagina Branch cum Escape of the EGC.

Scrutiny (May 2007) of the records of the Executive Engineer, (EE) Eastern Ganga Canal Construction Division-V, Nazibabad, Bijnore revealed that the construction of Ajjupura Dy from km 0.00 to 9.10 scheduled for completion in April 2004 was done in intermittent reaches leaving gaps in the reaches from km 0.220 to 0.605, km 0.814 to 0.848 and km 4.187 to 4.465 due to non-acquisition of land. The work remained incomplete as of October 2007. Of the targeted 1525 hectare agricultural land, only 15 hectares could be provided irrigation facility upto 0.220 km reach and the Dy. beyond km 0.220 remained non-operative despite water being available. The division had incurred an expenditure of Rs. 2.30 crore (July 2007) on the construction of the Dy. beyond km. 0.220.

Thus, commencement of construction work on the Dy without acquisition of required land resulted in unfruitful expenditure of Rs. 2.30 crore.

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (October 2007) directed the Engineer-in-Chief to ascertain the reasons and fix responsibility for starting work without acquiring the required land.

4.4.4 Unfruitful expenditure on remodelling work of a drain

Construction of Dhobiha Mehrabad Drain (No. 21) in district Baharaich without observing financial rules resulted in unfruitful expenditure of Rs. 1.55 crore.

With a view to solving the water logging problem during the rainy season in the Command Area of Imam Ganj Branch under Saryu Canal Project, administrative and technical sanction for Rs. 2.24 crore was accorded (February 2005) by the Chief Engineer, Saryu Pariyojna-I, Faizabad for restoring and increasing the existing capacity of Dhobiha – Mehrabad (length 21.480 km) Drain No. 21 by remodeling it. The remodeling aimed at draining off the rain water within about 7 days to save the crops. At present, the area near the drain remained inundated for a period from 15 to 20 days which damaged the crops.

Scrutiny (July 2007) of the records of Executive Engineer (EE) Saryu Drainage Division-I, Baharaich revealed that land required for restoration of the drain was 43.99 hectare of which 3.32 hectare had not been acquired by the Department (July 2007) due to the demand of higher compensation by the land owners. Accordingly, the construction of drain started in March 2005 in intermittent reaches, had to be stopped in June 2006 after incurring an expenditure of Rs 1.55 crore. The objective of draining out the water within seven days to save the crops remained unachieved and the expenditure incurred on the work proved unfruitful.

Thus, commencement of remodeling work on the drain without getting possession of the required land resulted in the expenditure of Rs.1.55 crore being rendered unfruitful.

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (October 2007) accepted the facts and figures and directed the Engineer-in-Chief to fix responsibility for incurring expenditure without ensuring the availability of the required land.

4.4.5 Unfruitful expenditure on Katak Drain

Expenditure of Rs. 1 crore incurred on construction of Katak Drain from the tail end instead of the head was rendered unfruitful due to non-completion of work.

Financial rules provide that no work should be commenced on the land which has not been duly made over by the responsible civil officers.

To overcome the water logging problem in the villages of Bankhanda, Nagala Katak, etc. of the Bulandsahar and Ghaziabad districts, the Government sanctioned (May 2005) construction of 13.400 km long Katak drain at a cost of Rs. 2 crore. Technical sanction was accorded (March 2006) by the Chief Engineer (CE), Madhya Ganga, Aligarh. The construction of drain was started in November 2005 for completion by August 2006.

Scrutiny (February 2007) of the records of the Executive Engineer (EE), Madhya Ganga Nahar Nirman Khand-10, Bulandshahar revealed that the work involved earth work, construction of two District Road Bridges and nine Village Road Bridges. The contractor started the work on the drain from the tail end instead of from its head and completed it upto 6.60 km only in intermittent reaches by March 2006, incurring an expenditure of Rs 16.12 lakh on earth work, Rs. 37.80 lakh on pucca work and Rs. 46.08 lakh on acquisition of land. The Superintending Engineer, Madhya Ganga Nahar Nirman Mandal-1, Meerut directed the contractor (August 2006) to stop the execution of the work and finalized it ‘as it was’.

Thus, stoppage of work due to non-acquisition of required land and starting the construction from the tail end instead of from the head rendered the entire expenditure of Rs 1 crore incurred on the drain works unfruitful.

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (October 2007) accepted the contention of audit and directed the Engineer-in-Chief to fix responsibility for starting the construction from tail end instead of the head and also before the acquisition of land.

MEDICAL AND HEALTH DEPARTMENT

4.4.6 Unfruitful investment on equipment

Purchase of equipment before completion of hospital buildings and non-utilization thereof for two years rendered the expenditure of Rs. 2.13 crore unfruitful.

The Government sanctioned (August 1999) construction of 100 bedded joint-hospital at a cost of Rs. 11.74 crore in the newly created district of Ambedkar Nagar. The hospital comprising 15 departments was to be made functional by March 2005. The construction work of the buildings was entrusted (March 2002) to Uttar Pradesh Rajkiya Nirman Nigam (agency) with the condition that the civil works would be completed within 36 months of receipt of 25 *per cent* amount of the estimated cost (Rs. 9.28 crore). As per Memorandum of Understanding with the executing agency, CMO was responsible to monitor the progress of work and ensure that target date of completion of buildings was adhered to by the agency. Although Rs 2.80 crore (30 *per cent* of the estimated cost) was released[1] to the agency up to 2002-03, civil work of 13 out of 15 departments (85 *per cent*) was incomplete (March 2007). Meanwhile, the balance amount (Rs 6.48 crore) was also released[2] to the agency during 2003-07 without evaluating the physical progress of work.

Scrutiny (November 2006 and February/ March 2007) of the records of the Chief Medical Superintendent, Ambedkar Nagar (CMS) revealed that Rs 2.46 crore sanctioned (August 2005) for procurement of hospital equipment was released to the Chief Medical Officer/ CMS. The CMO without ensuring the physical progress of hospital buildings procured over three hundred pieces of equipment for fifteen departments of the hospital *viz*. emergency, pathology, radiology, intensive care unit, etc during September and November 2005. Equipment costing Rs. 2.13 crore was lying unused for two years as civil works of 13 of the 15 departments were incomplete as of October 2007.

The Government in their reply (October 2007) and during discussion (November 2007) stated that there were no rules as to when the purchase procedure should commence to procure equipment for a newly constructed hospital. The reply was not tenable as procurement of equipment at such an early stage without assessing the progress of the civil works rendered the investment of Rs. 2.13 crore unfruitful and was also fraught with the risk of these equipment becoming obsolete by the passage of time.

4.4.7 Purchase of medical equipment without supporting system

Procurement of equipment without its supporting system resulted in idle investment of Rs. 1.94 crore, besides depriving the beneficiaries of its intended benefits for the last two years.

To provide specialized medical facilities in cardiology, Government decided (September 2004) to install a Cardiac Vascular Angiography System in

[1] 1998-99: Rs. 0.20 crore; 2000-01: Rs. 0.60 crore; 2001-02: Rs. 1 crore and 2002-03: Rs. 1 crore.

[2] 2003-04: Rs. 0.75 crore; 2004-05: Rs. 1.75 crore; 2005-06: Rs. 2.50 crore and 2006-07: Rs. 1.48 crore.

Dr. Shyama Prasad Mukherjee Civil Hospital, Lucknow at a cost of Rs. four crore. The system consisted of main equipment and a Cathlab Recording System (CRS) which were to be procured from the foreign supplier.

Scrutiny (November 2006) of the records of the Chief Medical Superintendent, Dr. Shyama Prasad Mukherjee Civil Hospital, Lucknow (Hospital) revealed that the Central Purchase Committee (CPC) headed by Director General Medical and Health Services (DGM&HS) recommended (March 2005) procurement and installation of the equipment at a cost of Rs. 3.30 crore[1] without the CRS. DGM&HS placed (March 2005) the purchase order for the main component only. The equipment was received in December 2005 against an advance payment of Rs. 1.94 crore. The equipment was lying idle for want of CRS even two years (November 2007) after its receipt. DGM&HS placed (February 2007) a fresh purchase order on the supplier for supply of CRS at a cost of Rs. 18.22 lakh. The supply of CRS was still awaited (November 2007) as the country of origin of the supply had changed from Japan to Israel in May 2007. Meanwhile, the warranty period of the equipment expired in May 2007.

Thus, failure at the apex level in analyzing the technical bids to ensure purchase of a complete unit led to idle investment of Rs. 1.94 crore on the equipment, besides depriving the public of specialized medical facilities.

The Government in their reply and during discussion (November 2007) stated that the defective supply order was placed in the absence of proper knowledge of specifications of the latest hi-tech instrument.

PUBLIC WORKS DEPARTMENT

4.4.8 Extra expenditure on maintenance works

Execution of maintenance works in piecemeal manner in violation of Government orders led to extra expenditure of Rs. 33.62 lakh, besides dilution of quality control.

As per financial Rules, work should be awarded for execution after inviting tenders in the most open and public manner for availing the benefit of competitive rates. The execution of works through work orders (WOs) is permissible only under unavoidable circumstances and is limited to petty works. To ensure transparency and prevent pilferage of public money on repair and maintenance works, Government further stipulated (April 2001 and October 2002) that contract bonds (CBs) for works relating to renewal and maintenance works should be executed by the Executive Engineer (EE), with in the limit of his financial powers even if the cost of tender is with in the financial competence of the Assistant Engineer. The Government order also stipulated that the maintenance work should be as per specification and required quality to ensure their durability. The higher authorities must check the quality of the works executed.

[1] Rate of the quoted model :Rs.2.09 crore, Custom duty @ 5.1 per cent : Rs.0.11 crore, 125 KVA three phase sevo stabilizer: Rs.0.16 crore, Turn key:Rs.0.19 crore and Annual maintenance cost for 5 years:Rs.0.75 crore.

Scrutiny (September 2006) of the records of the Executive Engineer (EE) Provincial Division, Public Works Department Pratapgrah revealed that the Government sanctioned (April 2006), Rs 6.04 crore for renewal/ ordinary repair of roads (274.62 kms) for the year 2006-07. The renewal works comprised second coat painting (P^2), Semi Dense Bituminous Concrete (SDBC) and ordinary repairs. The Division spent Rs 6.04 crore on execution of renewal/ ordinary repair works including procurement of maxphalt costing Rs.3 crore in 2006-07.

The Division, disregarding Government orders executed works amounting to Rs 2.25 crore (74 *per cent*) through 1025 work orders (WOs) by splitting the work within the maximum admissible limit of work orders of Rupees twenty thousand, and the remaining works through 90 CBs at 19.94 *per cent* (average) below the estimated rates. The works executed through WOs were at five *per cent* below the estimated rates. The execution of renewal works through WO without inviting tenders deprived the Government of the benefit of competitive rates resulting in extra expenditure of Rs. 33.62[1] lakh as compared to the rates received in the CBs. Execution of works though WOs also diluted the standard of quality control over the works.

Thus, execution of works costing Rs. 2.25 crore through WOs by splitting the works in disregard of financial rules resulted in an extra expenditure of Rs. 33.62 lakh, besides dilution in the quality control over the works.

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (September 2007) accepted the facts and figures and ordered for detailed enquiry and fixing of responsibility.

REVENUE DEPARTMENT

4.4.9 Idle investment on construction of a training institute

Non-deployment of required staff rendered the expenditure of Rs. 1.17 crore on construction of the Lekhpal Training Institute unproductive.

Under the Centrally sponsored Scheme for Strengthening of the Revenue and Administration and Updating of Land Records, the Government sanctioned (August 1999), Rs. 1.20 crore for construction of a Lekhpal Training Institute[2] (Institute) along with its hostel at Bareilly. The building of the Institute constructed at a cost of Rs. 1.17 crore was taken over from the construction agency[3] in January 2002. The Board of Revenue was responsible for appointment of the required staff for the institute under provisions of the Land Record Manual of the State.

Scrutiny (February and May 2007) of records of the District Magistrate, Bareilly (DM) and the Board of Revenue revealed that the Institute could not be made functional due to non-deployment of staff. Even the care taking staff had not been posted (July 2007). Alternative arrangement by redeployment of

[1] @ 14.94 (19.94-5) *pre cent* of Rs. 2.25 crore.
[2] Having capacity to impart training to 100 lekhpals.
[3] Uttar Pradesh Samaj Kalyan Nirman Nigam.

staff internally from other training institutes had also not been made despite the DM's reminders to the Commissioner and the Secretary, Board of Revenue, UP Lucknow from time to time. Meanwhile, Rs. 33.35 lakh (March 2006) released by the Government of India for equipping the Institute with furniture and library was retained by the Government (July 2007).

The matter was reported to the Government in June 2007; reply had not been received (November 2007). However, the Government during discussion (November 2007) stated that the responsibility will be fixed against the delinquent officers and also that the staff in the Institute could not be posted due to non- availability of trainee lekhpals as the recruitment of lekhpals was held up under the Government policy.

Thus, the investment of Rs 1.17 crore on creation of infrastructure proved unproductive as no training was arranged at the Institute since the date of its construction. Moreover, the building of the Institute was lying uncared for more than five years which questioned the prudence of the Department in utilization and upkeep of the assets created at public expense.

4.4.10 Idle investment on construction of treasury block

Treasury block constructed at a cost of Rs. 61.29 lakh could not be put to use for over three years and entailed further recurring expenditure of Rs. 49.86 lakh per annum and non recurring expenditure of Rs. 38.80 lakh to make it functional.

The Government sanctioned (September 2002) Rs. 5.09 crore for construction of Collectorate complex[1] comprising, *inter alia,* construction of the treasury block within its premises at a distance of about seven kilometers[2] from Tehsil Robertsganj of the newly created (March 1989) Sonebhadra district. The complex was completed in February 2004 and the completion certificate was sent to the DM, Sonebhadra in May 2004.

Scrutiny (February 2007) of the records of DM, Sonebhadra revealed that the Collectorate was shifted to the newly constructed building in February 2005 but the treasury block constructed at a cost of Rs. 61.29 lakh could not be made functional. On this being pointed out in audit, the Government directed (September 2006) the District Magistrate, Sonebhadra (DM) to ensure that treasury block was made functional within a fortnight. Accordingly, DM requested (November 2006) Superintendent of Police Sonebhadra (SP) to issue the security certificate in respect of the newly constructed treasury block for making it operational as per instructions of the Government. However, SP did not issue the requisite certificate and sent (March 2007) a proposal to Police Headquarters for establishing a new police chowkee[3] along with deployment of one platoon of PAC[4] keeping in view the location of the treasury block. As this entailed a recurring liability of Rs. 49.86 lakh[5] per annum on account of pay and allowances of the policemen in addition to the

[1] Construction of District Magistrate (DM) block, combined block, treasury and *nazarat* block, court block, canteen block and toilet block.
[2] Lodhi village
[3] One Sub-Inspector; One Head constable and 14 constables.
[4] Provincial Armed Constabulary.
[5] Chowkee staff :Rs. 13.26 lakh and PAC: Rs 36.60 lakh.

expenditure of Rs. 38.80 lakh[1] on construction of residential/ non- residential buildings, the clearance of the proposal was awaited from the Police Department as of June 2007.

Thus, non- operationalisation of the treasury block rendered the investment of Rs. 61.29 lakh idle for more than three and half years.

The matter was reported to the Government in April 2007; reply had not been received (November 2007). However, the Government during discussion (November 2007) repeated their earlier contention that arrangement to make treasury block operational in the near future was being made. However, the point remained that despite the assurance of the Government made one year earlier, there was no progress in the matter.

RURAL DEVELOPMENT DEPARTMENT

4.4.11 Unfruitful expenditure on Saras Kendras

Construction of Saras Kendras without considering their local needs and requirement resulted in unfruitful expenditure of Rs. 1.10 crore.

With a view to implement the Swarn Jayanti Gram Swarojgar Yojna (SGSY) effectively in the State, the Commissioner, Rural Development Department reiterated (February 2002) the instructions issued in earlier years regarding the creation of infrastructural facilities under SGSY. The instructions envisaged, *inter alia*, that the infrastructure from SGSY funds should be created only at those places where Government land was available, bazaars exist in the adjoining area and comprise sufficient Self Help Groups (SHGs) associated with the manufacturing of those items which could be marketed through them. It was also stressed that construction of the infrastructure should be taken up only after ensuring start of production by SHGs for marketing and after proper legal agreement with the operators[2]. The utilization of the SGSY funds for construction of Government buildings, meeting halls, training centres, etc. was prohibited under the guidelines of the scheme.

Scrutiny (September 2006) of the records of Project Director (PD) District Rural Development Authority (DRDA) Meerut revealed that the PD accorded (February 2001) approval for construction of 19 Saras Kendras from the infrastructure grant of SGRY without making an objective assessment of the utility of these Kendras in the light of the guidelines of SGSY as mentioned above. The construction of these Kendras was completed between November 2001 and April 2006 at a cost of Rs. 1.35 crore. Out of 19 Saras Kendras, only three (cost: Rs. 25 lakh) were used for the specified purpose while 16 Kendras constructed at a cost of Rs. 1.10 crore[3] could not be utilized as of March 2007 due to their unsuitable location. These Kendras were established without any demand from the SHGs. Out of 16, five Kendras were used for meetings of

[1] Residential buildings : Rs. 28.50 lakh and Non residential buildings Rs :10.30 lakh.

[2] the committee constituted by the office bearers of the Self Help Groups

[3] Samayapur-: Rs. 7.15 lakh; Dalampur: Rs. 6.62 lakh; Piplikehra: Rs. 7.16 lakh; Sathla: Rs. 7.25 lakh; Laliyana: Rs. 7.13 lakh; Saifpur: Rs. 6.61 lakh; Salava: Rs. 7.39 lakh; Dabkuan: Rs. 7.05 lakh; Sivaya: Rs. 7.33 lakh; Bahchaula:Rs. 6.16 lakh; Lalpur: Rs. 6.36lakh; Shahjanpur:Rs. 6.09 lakh; Puthi: Rs. 6.97 lakh; Hari: Rs. 4.87 lakh; Block campus (Parikshitgarh): Rs. 7.31 lakh; Block campus (Sardhana): Rs. 8.48 lakh.

SHGs, three for office work, six were lying vacant due to non availability of sale products and two were in dilapidated condition.

The matter was reported to the Government in April 2007; reply had not been received. However, the Government during discussion (September 2007) directed the Commissioner Rural Development to ascertain the facts.

SOCIAL WELFARE AND RURAL DEVELOPMENT DEPARTMENT

4.4.12 Loss due to operation of accounts in non-scheduled banks

Failure of drawing and disbursing officers to exercise adequate checks on monetary transactions led to loss of Rs. 98.31 lakh.

The District Social Welfare Officers (DSWOs) Deoria and Bahraich, and District Development Officer, Jaunpur deposited Government money with non-scheduled banks, which resulted in loss of Rs. 98.31 lakh due to non-honouring of the cheques issued at these banks, as discussed below:

Under the scheme for distribution of scholarship to students of scheduled caste, scheduled tribe, other backward classes and general category students of poor families, the District Social Welfare Officers (DSWOs) were required to transfer the allotted funds to the bank accounts of the Principals of the schools concerned so as to enable them to advise the bank to credit the amount of scholarship to the respective bank accounts of the students of class VI and above and disburse in cash the scholarships to the students of primary schools. Scrutiny of records of the DSWOs Deoria (January 2006) and Bahraich (February 2007), however, revealed that an amount of Rs. 79.27 lakh[1] was transferred to the District Cooperative Banks (Bank) instead of nearby scheduled banks for distribution of scholarship to SC/ ST students in their districts during 2004-06. However, payment of scholarships to students amounting to Rs. 20.42 lakh at Bahraich during 2004-05 and Rs. 58.85 lakh at Deoria in 2005-06 could not be made as bank advices placed by the Principals of the concerned schools for transfer of the scholarships to the accounts of the students/ cash withdrawal were not honoured by the concerned banks due to their inability to make payments.

Similarly, funds earmarked for implementation of the schemes of Indira Awas, Bio- gas, Samagra Gram Rojgar, Area Development, etc in the office of the District Development Officer, Jaunpur (DDO) were deposited in the District Cooperative Bank (Bank) instead of nearby scheduled banks. The DDO could not utilize Rs 19.04 lakh since January 2005 as the bank had become bankrupt. The implementation of earmarked schemes suffered due to maintenance of bank accounts in the non- scheduled banks.

The matter was reported to the Government in June 2007; reply had not been received (November 2007). However, the Government during discussion (November 2007) stated that losses were due to banks' inability to fulfill their obligations.

[1] DSWO, Deoria: Rs 58.85 lakh and DSWO, Bahraich: Rs 20.42 lakh

TOURISM DEPARTMENT

4.4.13 Unfruitful expenditure on unused portion of an office building

Expenditure of Rs 3.08 crore on construction of first and second floors of office building was rendered unfruitful due to their non- use/ hiring besides loss of rent of Rs. 3.23 crore.

Government sanctioned (March 1998) Rs. 8.07 crore for construction of a four storied office building[1] of Directorate of Tourism in Gomti Nagar, Lucknow and awarded (March 1998) the work to Uttar Pradesh Rajkiya Nirman Nigam (Nigam). The work started in March 1998 was completed at a cost of Rs 9.77 crore in March 2002 and handed over to the Tourism Department (Department) in October 2003.

Scrutiny (July 2006) of records of Assistant Director Tourism, Uttar Pradesh, Lucknow revealed that the Government decided to let out the first and second floors on lease to banks/ Government institutions. The rent realised was to be utilised for maintenance of the building and payment of water and electricity charges and taxes. A committee headed by the Director General of Tourism was constituted (March 2002) to oversee this issue. No meeting of the committee was held till March 2005. In March 2005, the Director General sent a proposal to the Government to let out the first and second floors along with multipurpose hall comprising an area of 27283.80 sq. feet @ Rs. 6.71 lakh[2] per month. However, the proposal did not materialise as Government/ Semi Government departments were reluctant to shift their offices due to unsuitability of location for them. As a result, it remained vacant since its takeover. Thus, the expenditure Rs. 3.08 crore (as per estimated cost on construction of first and second floors of the building) was rendered unproductive, besides loss of rent of Rs. 3.23 crore[3] as per the assessment of the Department itself.

The Government in their reply accepted (September 2007) that the building was constructed at a place where no Government/ semi Government Department was ready to take the building on rent. Further, during discussion (November 2007), the Government stated that 2486 sq. feet area of the second floor was rented out (February 2007) to Rail Catering and Tourism Corporation while action was being taken to let out the remaining space.

Thus, the Department had been able to hire on rent only nine *per cent* of the space projected for hiring up to November 2007, resulting in loss of rent of Rs. 3.23 crore and unfruitful expenditure of Rs. 3.08 crore on the unused portion of the building.

[1] First , second floor for commercial use and third, fourth floor for office use

[2] Multipurpose hall: Rs 1.13 lakh,; first floor: Rs 2.89 lakh and second floor: Rs 2.69 lakh per month. The rent was assessed on the basis of prevailing market rates.

[3] November 2003 to February 2007: Rs 2.68 crore @ Rs 6.71 lakh per month for 40 months and
March 2007 to November 2007: Rs. 55 lakh @ Rs 6.09 lakh per month for nine months

URBAN DEVELOPMENT/ HOUSING AND URBAN PLANNING DEPARTMENT

4.4.14 Unfruitful expenditure on an unviable project

Allotment of a disputed piece of land for a housing project in a low lying area resulted in stoppage of work after incurring an expenditure of Rs. 4.47 crore on part construction of 1440 houses besides execution of extra items at a cost of Rs. 1.23 crore.

With a view to providing shelter to families living below the poverty line in urban areas, Government of India (GOI) launched the Valmiki Ambedker Malin Basti Awas Yojna (VAMBAY) in the year 2001 with 50 *per cent* as grant and the remaining 50 *per cent* to be borne by the implementing agency. Accordingly, the State Government decided (May 2003) to construct 4000 economically backward section (EWS) houses[1] in the urban area of Lucknow and designated the Lucknow Development Authority (LDA) as the implementing agency. Under the scheme, GOI approved the cost of construction @ Rs. 42,500 per house. The project was approved for a total cost of Rs. 17 crore and the amount was placed at the disposal of Lucknow Development Authority (LDA). At the instance of District Magistrate Lucknow, District Urban Development Agency (DUDA) Lucknow was made the executing agency and 16.5 hectares of land was provided to it free of cost in May 2003.

Scrutiny (February 2007) of the records of DUDA Lucknow revealed that the LDA released the first installment of Rs. 4.50 crore to DUDA in May 2003. However, construction of 1984 houses only was taken up while that of remaining houses it could not be started due to a stay order (September 2003) of High Court on a disputed portion of land. The work on even these 1984 houses had to be stopped in March 2006 after incurring an expenditure of Rs. 4.47 crore on part construction of only 1440[2] houses. Of these, DUDA had to carry out additional works[3] in 1072 ground floor houses at a cost of Rs. 1.23 crore due to change in the drawings and design at the suggestions of the experts of the Harcourt Butler Technological Institute (HBTI) Kanpur. The changes in the approved drawing and design were necessitated due to selection of site in a water logged area. The cost of the project was also revised (March 2006) to Rs. 50120 per house mainly due to change in drawings and designs and escalation in cost of labour and material during the intervening period. The difference in cost was proposed to be recovered from the beneficiaries of the project. After a gap of about eleven months, DUDA intimated (February 2007) to LDA that the land earmarked for the project was a disputed one in the revenue records and the responsibility to resolve the dispute rested with LDA being the implementing agency. LDA intimated (October 2007) that DUDA being the implementing agency should ensure the completion of the ongoing works. However, the work of even incomplete houses had not been resumed as

1 2001-02:2000 numbers and 2002-03:2000 numbers.
2 Breakup of execution: - upto plinth level: 392, upto sill level: 48, upto lintel level: 168, upto roof level: 176, roof laid on 576 and plaster work in 80 houses.
3 (i) Increase cost of Pile and Grid beam :Rs. 7500
(ii) Soil work due to increase height of plinth level: Rs. 3984.

LDA neither released additional funds nor was the dispute over the land in respect of on going works, settled.

Thus, lapse on the part of DUDA in commencement of work without prior investigation of site, assessment of the impact of cost due to proposed structural changes and ensuring availability of additional funds jeopardized the completion of the project after incurring an expenditure of Rs. 4.47 crore.

The matter was reported to the Government in May 2007; reply had not been received. However, the Government during discussion (August 2007) stated that after incurring an expenditure of Rs. 4.47 crore under the scheme, further construction could not be continued as the land in question was shown as pond in revenue records and construction on such water sources was banned by the High Court. Commencement of work on land not free from encumbrances, as per revenue records rendered expenditure unfruitful.

URBAN DEVELOPMENT DEPARTMENT

4.4.15 Unproductive expenditure

The expenditure of Rs. 33.66 crore on the project related to prevention and control of water pollution of river Gomati at Lucknow was rendered unproductive due to non-completion of the work of the earlier phase owing to a land dispute despite availability of funds.

The Government of India (GOI) sanctioned (June 2003) the project of Interception and Diversion of Kukrail Nala falling in river Gomati and construction of Intermediate Pumping Station at Kukrail in the Lucknow city at a cost of Rs. 8.06 crore[1] for abatement and control of water pollution under a Centrally sponsored scheme on cost sharing basis (70:30) under Phase I. The GOI also approved Phase II of the project to improve solid waste management system in the city at a cost of Rs. 263.04 crore[2] to prevent flow of solid waste into the river. Phase II works comprised 30 items including Interception and Diversion (I&D) of down stream drain of 16 Nalas of the city, rehabilitation of existing sewer, and construction of Sewage Treatment Plant (STP) etc. The city sewage of all 16 Nalas and I&D down stream drains were to pass through Kukrail Nala Intermediate Pumping Station (Phase I work) and there from to the STP for treatment and discharge down stream of Gomati river as per site plan detailed in ***Appendix-4.2***. The works in respect of Phase-I and Phase-II were to be completed by September 2005 and March 2007 respectively.

Scrutiny (February/ March 2007) of the records of UP Jal Nigam Lucknow revealed that the work of Interception and Diversion of Kukrail Drain and construction of Intermediate Pumping Station (Phase-I) was taken up (March 2006) by UP Jal Nigam after a delay of 33 months mainly due to late release of funds by the State Government. The work was, however, stopped after incurring an expenditure of Rs. 41.99 lakh due to the land dispute with the Defence authorities. The land dispute case was pending in the High Court since May 2006 and no alternative site had been selected as of August 2007. Meanwhile, the works of Interception and Diversion (I&D) of down stream

[1] Central share: Rs. 5.64 crore and State's share: Rs. 2.48 crore.
[2] Central share: Rs. 183.13 crore and State' share: Rs. 78.91 crore.

drain of 16 Nalas of the city, rehabilitation of existing sewer, construction of STP, afforestation and other ancillary works under Phase-II were taken up and an expenditure of Rs. 33.24 crore was incurred on these works as of January 2007. The expenditure proved unproductive as the work I&D of Kukrail Nala and construction of intermediate pumping station at Kukrail at Lucknow under Phase-I was held up due to the land dispute.

Thus, the expenditure of Rs. 33.66 crore on the project without ascertaining the fate of the disputed land for Phase I was rendered unfruitful. The entire sequence of events also indicated the failure of the Administrative Department to monitor the work and ensure proper coordination between the two phases of this important project. Besides, the objective of the pollution control was also not achieved despite availability of funds and investment of resources.

The Government in their reply and during discussion (August 2007) stated that the title of the land being disputed, the Lucknow Nagar Nigam had provided (August 2007) an alternative piece of land (8872.5 sqm) with the condition that the title of land will remain with it. The fact remained that the work on the first phase of the project was not resumed as of October 2007 rendering the expenditure of Rs. 33.66 crore unfruitful.

4.5 Regularity and other issues

FOREST DEPARTMENT

4.5.1 Short realization of cost compensatory afforestation

Incorrect application of the Government order resulted in short realization of compensatory afforestation cost of Rs. 55.16 lakh.

The Government issued orders (November 1989) fixing rates for compensatory afforestation for different types of plantations to be undertaken during the year 1989-90. The order stipulated that the rates (base year 1989-90) for subsequent years would be fixed by adding 10 *per cent* escalation for each year. In pursuance of these orders, the nodal officer and Forest Conservator, Forest Utilization Circle, Uttar Pradesh, Lucknow, circulated (April 2005) the rate to be realised for the year 2005-06.

Scrutiny (February 2007) the records of Divisional Forest Officer, (DFO) Jhansi Forest Division revealed that the Government of India (GOI) approved (March 2006) diversion of 1.6 hectares of reserve forest land for widening of four lane road to 6 lane under NH 25 (Km. 80 to Km. 173). The DFO raised (June 2006) a demand of Rs 5.52 crore for the cost of compensatory afforestation (CA) against the National Highways Authority of India (NHA) and received the payment in July 2006. The CA was computed at the rates fixed for the year 2005-06 and escalation at 10 *per cent* for the year 2006-07 was not taken into consideration which resulted in short realization of CA of Rs 55.16 lakh.

The matter was reported to the Government in July 2007; reply had not been received. However, at the time of discussion (October 2007) with the Government, the DFO stated that 10 *per cent* increase as provided stood incorporated in the proposed claim submitted to Government of India. The reply was not acceptable as the claim submitted to the NHAI did not include the stated 10 *per cent* increase.

HIGHER EDUCATION DEPARTMENT

4.5.2 Unfruitful expenditure due to monitoring failure

Failure in monitoring over the progress of work facilitated the executing agency to consume Rs. 60.95 lakh by changing the design and specifications of work and leaving the boundary wall incomplete.

With a view to providing protection to the campus of the Rajarshi Tandon Open University (University) Phaphamau, Allahabad, Government released[1] Rs. 69.70 lakh to the University for the construction of 2071 metre boundary wall. The height of the boundary wall was to be 1.80 m. and it was to cover 15.21 acres of land in three adjacent plots[2]. The work was awarded (February 2004) to Uttar Pradesh Jal Nigam at a cost of Rs. 69.70 lakh with the stipulation that the construction would be completed within three months. The Vice Chancellor (VC) of the University entrusted[3] (September 2004) the supervision of the work to a private architect and also constituted (September 2004) a Committee of four members (including the Architect) headed by Head of Education Department of the University to ensure quality control as per approved specifications and design and monitoring over the work.

Scrutiny (March 2007) of the records of Construction & Design Services Unit-10, Allahabad Uttar Pradesh Jal Nigam[4], (UPJN) and information collected (April and June 2007) from the University, revealed that the University released Rs. 68.83 lakh[5] to complete the work within the stipulated period. The work was started in February 2004. The executing agency, however, constructed the boundary wall to a height of 3 m instead of the approved 1.80 m and also changed the specifications and design of Pillars, Concrete Mix and Lime Concrete. Work of boring and erection of submersible pumps was got carried out in all the three plots to meet the water requirements without any provision in the approved estimate. The Committee responsible for monitoring over the progress work recommended (October 2004) the release of balance amount to the executing agency on the basis of bills certified by the Architect. As a result, VC released Rs. 43.83 lakh[6] to the executing agency. Further, due to increase in the scope of work, only the boundary wall of plot B was completed while the work of plot A was stopped after execution of 70 *per cent* work as of March 2005. An expenditure of Rs. 60.95 lakh was incurred on these items only and the work on the boundary wall in plot C was still to begin. Meanwhile, the VC submitted (September 2005) revised estimate for Rs. 1.15 crore to the Government due to increase in the scope of work and escalation in the cost of material. The sanction of the Government was, however, awaited as of August 2007.

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1. March 2003: Rs. 50 lakh and March 2004: Rs. 19.70 lakh
2. Plot no A:666m; B:637m and C:768 m
3. Under Para 3.19 of 'The Uttar Pradesh Rajarshi Tandon Open University Act-1999'.
4. A Government Corporation
5. March 2004: Rs. 25 lakh; November 2004:Rs. 24.13 lakh and March 2005: Rs. 19.70 lakh
6. November 2004:Rs. 24.13 lakh and March 2005: Rs. 19.70 lakh

Thus, the lapse on the part of the Committee to monitor the progress of work closely and allowing the executing agency to make changes in the earlier approved design and specification without ensuring the availability of the required funds rendered the expenditure of Rs. 60.95 lakh unfruitful on incomplete boundary walls.

The Government in their reply and during discussion (August 2007) stated that the University authorities had been directed to intimate the action taken against the defaulting officers for showing laxity in the work, making changes in the drawing without approval of the Department/ Government and also to submit the revised estimate for completion of remaining works with adequate reasons for approval of the Government.

LABOUR DEPARTMENT

4.5.3 Irregular expenditure on organization of functions

Arrangements for transportation of local applicants, hiring of buses at rates higher than prescribed and execution of civil works not covered under the scheme entailed an irregular expenditure of Rs. 3.74 crore.

The Government launched (April 2006) the 'Unemployment Allowance Scheme-2006' in the State. The scheme provided for distribution of unemployment allowance through account payee cheques of Rs. 500 per month to the unemployed graduate/ postgraduate applicant registered in employment offices (EOs) upto February 28, 2006. The District Magistrate (DM) was responsible for monitoring the implementation of the scheme in the district with the assistance of the concerned Regional Employment Officer (REO)/ EO.

Scrutiny of records (June 2007) of EOs at eight districts[1] for the period 2006-07 revealed that Government decided (June 2006) to distribute unemployment allowance through account payee cheques to beneficiaries by organising functions in the districts. As per Government orders, admissible items of expenditure for organising functions were (i) transportation of applicants from other districts to places where functions were organized by hiring buses at the rate of *Rs. 1.07 per Km. per applicant* and (ii) expenditure on tents/ lights/ safety arrangements, public address system, etc. In contravention of the criteria laid down by the Government, an expenditure of Rs. 1.79 crore[2] was incurred on transportation of local applicants within the districts. Hiring of buses/ vehicles to commute outside applicants was made at rates higher than that fixed by the Government involving excess expenditure of Rs. 47.80 lakh[3] in four test-checked districts. Construction of helipad, approach road, sanitary system, water tank, pukka stage, decoration etc was also done at a cost of Rs. 1.47 crore[4] in five test-checked districts in violation of the guidelines of the scheme. Thus, arrangements for transportation of local students, hiring of

[1] Allahabad, Agra, Banda, Bareilly, Lucknow, Meerut, Mirzapur, Varanasi.
[2] Lucknow: Rs. 1.72 lakh; Allahabad: Rs. 87.40 lakh; Mirzapur: Rs. 20.25 lakh; Varanasi: Rs. 31.53 lakh; Banda: Rs. 22.73 lakh; Meerut: Rs. 14.14 lakh and Bareilly: Rs. 1.28 lakh.
[3] Allahabad: Rs. 8.08 lakh; Varansi: Rs. 26.54 lakh; Banda: Rs.9.11 lakh; and Meerut: Rs.4.07 lakh.
[4] Lucknow : Rs. 4.62 lakh; Allahabad: Rs. 7.39 lakh ; Mirzapur: Rs. 14.46 lakh; Varanasi: Rs. 58.10 lakh and Banda: Rs. 62.81 lakh.

buses at the higher rates and execution of civil works not covered under the scheme entailed an expenditure of Rs. 3.74 crore in excess of norms.

The Government in their reply (September 2007) and during discussion (November 2007) stated that the separate instructions were issued to individual districts on norms for organising functions to distribute incentive. The reply was not tenable as no separate norm was fixed for individual districts. Moreover, funds were released for the above purpose on the basis of uniform norms applicable in the State.

MEDICAL AND HEALTH DEPARTMENT

4.5.4 Diversion of TFC grant

TFC grant of Rs 10 crore meant for improvement of the per capita expenditure in the health sector was diverted for payment of pending liabilities of the pre- award period.

The Twelfth Finance Commission (TFC) recommended an additional grant amounting to Rs. 2312.38 crore[1] during its award period (2005-10) for the health sector of the State. This was over and above the normal expenditure of the State in this sector. The grant was to be utilized for meeting the non-plan revenue expenditure (NPRE) under prescribed major heads related to medical and health services. The intention of the TFC grant was to reduce the disparity in the per capita expenditure on medical and health services among the States during 2005-10.

Scrutiny (April 2006) of the records of Director General Medical and Health Services Uttar Pradesh Lucknow (DGM&HS) revealed that Government of India (GOI) released Rs. 367.63 crore under the recommendations of TFC for the health sector during 2005-06. Out of the TFC grant meant to provide additional budgetary support in health sector in 2005-06, the Department re-appropriated and utilized Rs. 10 crore (through 117 Drawing and Disbursing Officers) on clearance of pending bills pertaining to the year 2003-04 in connection with the pink colorization of hospital/ dispensary buildings in rural and urban areas. The records revealed that the work was taken up without any provision in the State budget and even without administrative approval and financial sanction. The creation and retention of liabilities for more than two years and adjusting them against the additional grant made available to meet the current non- plan revenue expenditure was in disregard to the financial rules.

The Government in their reply (October 2007) and during discussion (November 2007) stated that payment of the bills of pink colorization was not possible from the regular budget provisions for the year 2003-04 and as such the liability so created was cleared from the TFC grants in 2005-06. No explanation for taking up the work without administrative and financial approval during the year 2003-04 was furnished. The reply was not tenable as creation and retention of liabilities for over two years without administrative and financial sanction was a breach to the financial rules.

[1] 2005-06: Rs. 367.63 crore, 2006-07: Rs. 409.90 crore, 2007-08: Rs. 457.04 crore, 2008-09: Rs. 509.60 crore and 2009-10: Rs. 568.21 crore.

PUBLIC WORKS DEPARTMENT

4.5.5 Diversion of funds and avoidable expenditure

Rupees 53.34 lakh was diverted from one head to another without authorization of the competent authority. Diverted funds included extra avoidable expenditure of supervision charges of Rs. 3.04 lakh.

The UP Budget Manual provides that an allotment should be appropriated only for the objects for which it is sanctioned. Diversion of funds without the authorization of competent authority is to be treated as a financial irregularity and dealt with accordingly.

Scrutiny (October 2006) of the records of the the Engineer-in-chief (E-in-C), Public Works Department (PWD), Lucknow revealed that 63 computer operators were engaged through contractors by the E-in-C for day to day computer work for his office and PWD secretariat during 2005-06 and a payment of Rs 33.36 lakh was made to the contractors. Payment made to the contractors included 10 *per cent* supervision charges of Rs. 3.04 lakh. The extra expenditure could have been avoided by engaging operators directly instead of through contractors. As there was no budget provision for making payments, funds were diverted from other works It was also noticed that subordinate offices also engaged operators through contractors as in the E-in-C office and paid Rs. 19.98 lakh[1] by diverting funds allotted for works. Diversion of funds from one object to another without the authorization of the competent authority was a serious financial irregularity.

Thus, non-observance of financial rules by the authorities resulted into diversion of Rs. 53.34 lakh during the financial year 2005-06. Of this, expenditure of Rs. 3.04 lakh paid to the contractor as supervision charges, was avoidable.

The matter was reported to the Government in July 2007; reply had not been received. However, the Government during discussion (September 2007) assured remedial action.

PUBLIC WORKS/ IRRIGATION DEPARTMENT

4.5.6 Drawal of funds to avoid lapse of budget

Rupees 11.03 crore not required for immediate disbursement was drawn and converted into Bank Drafts to avoid lapse of budget in disregard of the financial rules.

Administrative departments/ heads of the departments are responsible for watching the progress of expenditure under their control. In order that the control over the expenditure is effective and real, the departments are required to watch the position from month to month to estimate likelihood of savings and take appropriate action to surrender appropriations or portions thereof (latest by 25 March of the financial year) which was not likely to be required

[1] At the rate of Rs 4500 per month for 37 offices during the year 2005-06

during the year. Drawing of money from treasuries simply to avoid lapse of budget is strictly prohibited under the financial rules.

Scrutiny (June 2006 and February 2007) of the records of three Divisions revealed that funds amounting to Rs. 11.03 crore not required immediately were drawn and converted into Bank Drafts (BDs) in favour of Indian Oil Corporation (IOC), Mathura purportedly for purchase of bitumen and payment to land owners as compensation of land. The money drawn was debited directly to the work. The details were as under:-

Sl. No.	Division/Name of work	Amount drawn (Rs. in crore)	Month of drawal	Stated purpose of drawal of amount	Firm/person in whose favour BDs prepared	Manner in which BDs disposed off/ present status
1.	Provincial Dn. PWD,Budaun Sahaswan-ujhaini Road, Sahaswan- Babrala Road and Budaun- Moradabad Road	4.36	March 2005	Purchase of bitumen	IOC, Mathura	(i) Rs.2.48 crore[1] paid to IOC in 2005-07 (ii) Rs.1.88 crore[2] paid to contractors/ Other Dns. in 2005-07 ***Appendix-4.3 & 4.4***
2.	Construction Dn.II PWD, Budaun Moradabad-Farukhabad Road from Km. 47 to 101	4.62	-do-	-do-	-do-	(i) Rs.1.90 crore[3] paid to IOC between April 2005- and May 07 (ii) Rs.2.72 crore paid to contractors in 2006-07
3.	Moosa Khand Dam, Dn. Varanasi Acquision of 51.949 hectares of land for Narain pur Pump Canal system	2.05 [4]	March2005 December 2005	Payment of compensation to land owners	Land owners	Deposited into Treasury in September 2007
	Total	**11.03**				

Construction of roads undertaken by the PD, PWD and CD-II, PWD, Budaun was on vertical tender basis in which contractors were to procure bitumen and modified bitumen from any Public Sector refinery at their own cost. Both the divisions, however, drew the funds and converted these into BDs in favour of IOC Mathura. Further, CD-II also issued (between June and July 2005) bitumen worth Rs 96.55 lakh to UPRNN on cash basis. Cash received from the UPRNN as well as left over stock of bitumen was utilized on Moradabad-Farrukhabad road/ other works. Thus, money not required for use in the work was drawn simply to avoid lapse of budget.

Similarly, the Moosa Khand Dam Division, Varanasi without fixation of rates of compensation for land drew the amount and prepared the BDs for the amount during 2004-05 and 2005-06. These BDs were finally deposited in the Government account in September 2007. Thus, money not required for immediate disbursement was drawn to avoid lapse of budget grant.

The matter was reported to the Government in July 2007; reply had not been received. However, the Principal Secretaries of Irrigation and Public Works Departments during discussion in September 2007 and October 2007 respectively assured to take remedial action for system improvement at Government level. In addition Principal Secretary, Irrigation Department also directed (October 2007) the Engineer-in-Chief to fix the responsibility for

[1] 2005-06 : Rs.2.08 crore and 2006-07 : Rs.040 crore
[2] 2005-06 : Rs.1.19 crore and 2006-07 : Rs.0.69 crore
[3] 2005-06 : Rs.1.05 crore, 2006-07 : Rs.0.75 crore and May 2007-: Rs.0.10 crore
[4] Unspent balance of 2004-05: Rs.0.20 crore and 2005-06 : Rs.1.85 crore

preparing Bank Drafts in favour of land owners without the rates of land having being fixed.

RURAL DEVELOPMENT DEPARTMENT

4.5.7 Retention of money outside the Government account

Rupees 1.49 crore were drawn from treasury without immediate need and were retained for one to three years in saving bank accounts as well as with the executing agencies in disregard to financial rules.

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. The Government also imposed (September 2003) a ban on keeping the sanctioned funds in a bank account.

The Prime Minister's Gramodaya Yojna (Rural Drinking Water) (PMGY), a Centrally sponsored scheme, provided that 25 *per cent* of the total allocation (revised to 20 *per cent* from 2005-06) under the scheme would be utilised on projects/ schemes for water conservation, rain water harvesting, ground water recharging and sustaining of drinking water sources in water stress/ drought affected areas and the remaining funds were to be utilised on projects/ schemes for providing safe drinking water for rural habitations. The funds for water recharging and conservation were to be utilized only after approval of projects by the Government.

Scrutiny (November 2006) of the records of the District Development Officer, Faizabad (DDO) disclosed that Rs 11.05 crore[1] were available for implementation of scheme during 2003-07. Of this, Rs. 8.52 crore were allocated for safe drinking water and Rs. 2.53 crore were earmarked for water conservation, rain water harvesting etc. The DDO released Rs. 9.92 crore[2] to U.P. Jal Nigam (UPJN) and Rs. 1.13 crore[3] to U.P. State Agro Industrial Corporation Limited (Agro) for Rural Drinking Water Projects including the funds for water conservation without identification and approval of the projects under it. The UPJN and Agro returned Rs. 2.09 crore in installments between March 2004 and October 2006 retaining Rs. 44 lakh[4] with them (November 2007). Out of the returned amounts, only Rs. 1.04 crore was utilised by the DDO for the scheme and Rs. 1.05 crore[5] was kept in a savings account in Punjab National Bank, Faizabad for want of the approval of the projects under the scheme. Thus, drawal of Rs. 1.49 crore from the treasury to avoid lapse of the grant, its release to the executing agencies without the sanction of the projects and their undue retention in the savings bank account as well as with the executing agencies was totally in disregard to financial rules.

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[1] 2003-04: Rs 1.97 crore, 2004-05: Rs 3.98 crore, 2005-06: Rs 2.80 crore and 2006-07: Rs 2.30 crore.
[2] 2003-04: Rs 1.75 crore, 2004-05: Rs 3.59 crore, 2005-06: Rs 2.52 crore and 2006-07: Rs. 2.06 crore.
[3] 2003-04: Rs 22 lakh, 2004-05: Rs 40 lakh, 2005-06: Rs 28 lakh and 2006-07: Rs 23 lakh
[4] UPJN: Rs 42 lakh and Agro:Rs 2 lakh
[5] 2004-05: Rs 37.70 lakh , 2005-06: Rs 65 lakh and 2006-07 : Rs 2.30 lakh

The matter was reported to the Government in April 2007; reply had not been received (November 2007). However, the Government stated (November 2007) during discussion that instructions had been issued to spend the remaining amount. The Government also stated that the matter regarding retention of the Government money in bank account was being investigated.