

CHAPTER-IV

AUDIT OF TRANSACTIONS

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

4.1 Fraudulent drawal/Misappropriation/Embezzlement Losses

SOCIAL WELFARE DEPARTMENT

4.1.1 Misappropriation of funds in free boring scheme

Loss of Rs. 29.70 lakh was incurred due to inaction of the Department against the erring executing agency.

Under 'Special Component Plan', a centrally sponsored scheme, work of construction of 632 free borings (at the rate of Rs. 6000/- per boring) was entrusted to Integrated Gram Vikas Sahkari Sangh, Dehradun (Non-Government Organisation (Executing agency)) at Balrampur district in 1998-99. Rupees 37.92 lakh were made available to the agency between November 1998 and October 1999.

Test-check (July 2002) of records of Director, Social Welfare, UP, Lucknow and further information collected (April-July 2003) revealed that the executing agency fictitiously utilised funds to the tune of Rs. 29.70 lakh by showing false execution of 495 boring works. In spite of the matter having been brought to the notice (December 1999) of the Department by an enquiry committee, it failed to take effective measures against the agency even after lapse of more than three years. Consequently the amount of Rs. 29.70 lakh fictitiously shown as utilized remained (July 2003) unrecovered from the executing agency.

On this being pointed out in audit, the Department stated that since the main office of the executing agency was situated in Uttaranchal State, recovery could be done through that Government only for which efforts were underway.

The reply of the Department is not acceptable since it could have taken effective measures including legal action against the erring executing agency before the re-organisation (November 2000) of the State.

Thus, due to inaction of the Department, the Government was put to loss of Rs. 29.70 lakh. Besides beneficiaries were also deprived of free boring facility.

The matter was referred to the Government (August 2003); reply had not been received (March 2004).

SOCIAL WELFARE DEPARTMENT AND RURAL DEVELOPMENT DEPARTMENT

4.1.2 Loss of Government money on depositing the funds injudiciously in District Co-operative Bank

Injudicious act of putting Government money in District Co-operative bank, a non-scheduled bank, caused loss of funds of Rs. 2.33 crore.

For implementation of Scheduled Caste Scholarships, Old Age Pension and Farmers Pension Scheme, funds were made available to the District Social Welfare Officer (DSWO), Chandauli by the State Government during 1997-99. Similarly, Central Government made available funds amounting to Rs. 3.99 crore during 1998-99 to the District Development Officer (DDO), Chandauli for implementation of Indira Awas Yojna (IAY).

Test-check of records of DSWO, Chandauli (May 2002) and DDO (December 2002) revealed that in spite of having their accounts in operation in Scheduled Banks (Nationalised Banks) DSWO and DDO Chandauli, opened new accounts and kept funds of these schemes in a District Co-operative Bank (Nagariya Sahkari Bank Limited) Chandauli, a non scheduled bank between November 1997 and January 1999. The functioning of Co-operative Bank was neither trustworthy nor beyond doubt. Distribution of loans and advances to its Chairman, his relatives and other trustees of the bank beyond the permissible limits indicated that investors' money was grabbed for vested interests with the collusion of administrative machinery. In fact, as a result, the bank had reached the state of bankruptcy and ultimately Reserve Bank of India (RBI) blacklisted (July 1999) the bank and precluded it from making payments, discharging liabilities or obligations with effect from 10 July 1999.

Due to blacklisting of the Bank, the accounts could not be operated and the balances lying in the accounts of DSWO and DDO as on 10.07.1999 could not be used for the intended purpose. The details were as under:

Sl. No.	Account holder	Account No.	Balance (Rs. in lakh)
1.	DSWO, Chandauli	(I) 355	107.85
		(II) 355-B	6.89
		(III) 489	69.34
		Sub Total	184.08
2.	DDO, Chandauli	3114	49.25 (Principal: Rs.46.82 lakh and Interest: Rs.2.43 lakh)
	Grand Total		233.33

The departments stated that the matter was under correspondence with the bank and the benefits would be allowed to the beneficiaries on release of money by the Bank. On an audit enquiry regarding reasons for depositing such huge amounts in a non-scheduled bank when a large number of Scheduled Banks were available at Chandauli, the DSWO/DDO stated (March/April 2003) that funds were kept in the co-operative bank under the verbal orders of the then District Magistrate/ Chief Development Officer (CDO), Chandauli. This was however, refuted (December 2003) by the CDO. These contradictory statements

cast a doubt over the intentions of the officers concerned. The matter requires investigation by the State Government.

Thus, it not only led to loss of Rs. 2.33 crore to Government but also deprived the beneficiaries of the benefits admissible under the schemes.

The matter was referred to the Government (August 2003); reply has not been received (March 2004).

PUBLIC WORKS DEPARTMENT

4.1.3 Loss due to incorrect conversion of weight into numbers

Non-adoption of conversion norms as laid down in Indian Standard Specification resulted in loss of Rs.64.46 lakh.

For Kumbh Mela 2000-01, the Executive Engineer (EE), Construction Division -4, Allahabad procured 4533.52 MT chequered plates (6 mm thick, 1000 mm wide and 5200 mm long) @ Rs.19553.00/MT plus 4 per cent trade tax from Steel Authority of India Ltd. (SAIL), during October 2000 to February 2001 against the supply orders placed by the Superintending Engineer (SE), Allahabad Circle, Allahabad.

Scrutiny of records (April 2002) of the EE, CD-4, Allahabad revealed that against 4533.52 MT of chequered plates supplied by SAIL, 17216 Nos. (6 mm x 1000 mm x 5200 mm) chequered plates were taken into stock receipt (Form 8) between October 2000 to February 2001 after converting weight into numbers by adopting 263.33 kg per piece of chequered plate of above mentioned size instead of 244.92 kg per piece as laid down in I.S. Specification -1862-1962 as confirmed by SAIL* (April 2003). Thus, the division short accounted 1294 Nos. of chequered plates (Weight 316.98 MT) costing Rs.64.46 lakh by not adopting the standard norms as detailed in *Appendix-4.1*.

In reply to audit query, the EE stated (May 2002-June 2003) that 4533.52 MT chequered plates would work out to be 17216 on conversion of weight into numbers, which were taken in Form-8 on the basis of Engineering Diary. Besides, he stated that a committee comprising of two Assistant Engineers had been constituted to find out the actual weight of chequered plates, which furnished (June 2003) contradictory versions regarding the actual weight of chequered plates per sq mt (47.55 kg as well as 47.065 kg).

The contention of the EE was not tenable because as per conversion norms of weight into numbers as laid down in IS specifications and SAIL, the manufacturers and suppliers, the weight of chequered plates when converted into numbers should be 18510 nos., instead of 17216 nos.

As a result, the shortage of 1294 Nos. (weight: 316.98 MT) chequered plates due to incorrect conversion on the part of the division led to a loss of Rs.64.46 lakh.

The matter was reported to Government (August 2003); reply had not been received (March 2004).

* Manufacturer and supplier

INDUSTRIAL DEVELOPMENT DEPARTMENT AND URBAN DEVELOPMENT DEPARTMENT

4.1.4 Loss on account of avoidable payment of interest

Due to non-pursuance/non-declaration of award for payment of compensation to land owners for lands acquired, Authorities paid available excess amounts of Rs. 51.65 crore and created liabilities of Rs.14.18 crore on account of interest as of December 2003.

After survey of the lands to be acquired, a declaration that lands are required for public purposes is published in official Gazette under section 6 of the Land Acquisition Act. Award of land should be declared within 3 months from the date of publication of above Gazette notification for payment of compensation to land owners to take possession of the lands. If land is required urgently and possession is taken without declaring award of the land after publication of Gazette notification under Section 6, 80 *per cent* of the estimated cost of the land is to be paid to land owners before possession is taken over. The award in such cases should be declared strictly within 90 days from the date of Gazette Notification under Section 6, for payment of remaining 20 *per cent* of the cost, as stipulated in the Government order. Failure to do so would result in payment of interest @ nine *per cent* per annum for the first year and 15 *per cent* thereafter from the date of possession of the land.

Test-check of the records (April-September 2003) of Greater Noida Industrial Development Authority (Authority) and Lucknow Development Authority (LDA) revealed that the provisions of the Act were not followed leading to loss of Rs. 51.65 crore as follows:

Acquisitions by Greater Noida Industrial Development Authority

There was delay of 11 to 21 months in declaration of award at the level of Additional District Magistrate, Land Acquisition (ADM (LA)) Gautam Budh Nagar who was responsible for acquiring the lands for the authority. The Authority, however, without ascertaining reasons for the delays in declaration of awards from the ADM (LA), paid (November 1997 and September 2002) interest of Rs. 80 lakh as claimed by the ADM (LA) in respect of lands mentioned at serial no. 1 & 2 and created a liability of Rs. 14.18 crore, as of December 2003, on remaining lands mentioned at serial nos. 3 to 30 in the **Appendix 4.2** resulting in loss to the Authority.

On being pointed out, the Authority stated that the ADM (LA) was requested from time to time to declare award within the period as required under the Land Acquisition Act. The reply is not tenable as the matter was not pursued vigorously with higher authorities.

Thus, lack of the pursuance of the matter at higher level resulted in loss of Rs. 80 lakh and also creation of liability of Rs. 14.18 crore on account of payment of interest which was avoidable.

The matter was referred to Government (May 2003); reply has not been received (March 2004).

Acquisitions by Lucknow Development Authority

In eight (*Appendix-4.3*) out of 20 housing schemes which were test-checked (April 2003), notification under section 4 and 6 of LA Act, were issued during November 1981 to June 1987 for acquisition of 8106.87 acres of land. Land was acquired between October 1983 and March 1988 by LDA. The awards were declared (March 1985 to June 1989) but the compensation of Rs.37.16 crore against the acquired land was not paid to the land owners before or on the date of taking over possession of land, due to which LDA had to pay Rs.88.01 crore (compensation for land : Rs.37.16 crore + compensation towards interest : Rs.50.85 crore) of compensation by August 2003 under section 34 of LA Act.

It was further noticed that LDA had to deposit Rs. 58.88 crore of decretal amount in the court as the landowners filed appeals under section- 18 of LA Act due to not agreeing with the rates declared by the collector.

On being pointed out in audit (April 2003 and September 2003), LDA stated that payment of compensation was made from time to time.

The reply is not tenable as LDA did not make the payment of compensation on or before the date of acquisition of land. Slackness on the part of LDA in non-observance of time schedule resulted in loss of Rs. 50.85 crore as avoidable payment of interest in addition to Rs. 58.88 crore of decretal amounts deposited in the court.

The matter was reported to the Government (October 2003); reply has not been received (March 2004).

4.2 Infertuous / Wasteful expenditure and overpayments

HOME (POLICE) DEPARTMENT

4.2.1 Irregular expenditure on pay and allowances of trainees

Irregular payment of Rs. 18.05 crore of pay and allowances by the Police Department to the trainees who were entitled to stipends only.

Police Department recruited Sub Inspectors (Civil Police), Platoon Commanders (Provincial Armed Constabulary) and Constables for deployment under the State Police. The selected Sub Inspectors, Platoon Commanders and Constables had to undergo training for 12, 10 and nine months respectively. During the period of training a stipend of Rs. 1000/- per month was admissible to the Sub Inspectors and Platoon Commanders (as per Government order April 1989) and Rs. 165/- per month was admissible to the constables (as per Government order February 1974).

Test-check of records (January 2002) of Director General, Police (Training), Uttar Pradesh, Lucknow and further information collected (August 2002) revealed that the Administrative Department issued orders (June 1998) allowing the trainees full pay and allowances during the period of training without obtaining the approval of the Finance Department. Even a copy of the office order was not endorsed to the Finance Department. The Finance Department also released increased funds through budget allotments without ascertaining the reasons for increase in the budget proposals under the "Training" head. The

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expenditure incurred on the pay and allowances of trainees during training period is detailed in the table given below:-

(Rupees in crore)

Sl. No.	Post of trainee	Period of training	Total No. of trainees	Amount of stipend as per entitlement	Amount of pay and allowances actually paid	Excess expenditure
1.	Constables	June 1998 to March 2002	4550	0.68	11.32	10.64
2.	Sub Inspectors/Platoon Commanders	---do---	1485	1.70	9.11	7.41
	Total		6035	2.38	20.43	18.05

Thus, the action of the Administrative Department allowing the pay and allowances to the trainees during their training period without approval of the Finance Department and also failure of the Finance Department in releasing the funds through budget allotment without proper checking of the demands raised by the Police Department, resulted in irregular expenditure of Rs.18.05 crore.

When this was pointed out in audit (June 2002), the Government in Administrative Department referred the matter to the Finance Department who did not give consent to allow pay and allowances during training and directed that the Department should adopt corrective measures. Consequently the Administrative Department issued orders (September 2002) restoring the earlier order. However, orders to regularise/recover the excess payments made, were awaited as of June 2003.

Had the Government not issued irregular orders, the excess payment made on account of pay and allowances could have been avoided.

The matter was reported to Government (July 2003); the reply had not been received (March 2004).

PUBLIC WORKS DEPARTMENT

4.2.2 Wasteful expenditure due to unwarranted construction of toll plaza

Construction of toll plaza and two side lanes against the norms fixed by the MORTH resulted in wasteful expenditure of Rs.51.83 lakh.

According to notification (August 1997) of Ministry of Surface Transport (MOST) (now Ministry of Road Transport and Highways (MORTH)), toll collection shall be done at one place within a distance of 80 Km from a point at the beginning of first NH Section or approach of entry of the first permanent bridge to be crossed under the jurisdiction of the same executing agency, regardless of number of projects falling within the length in order to facilitate free and unhindered movement of traffic.

Test-check (September 2002) of the records of the Executive Engineer (EE), NH Construction Division, PWD, Kanpur revealed that in disregard of this notification, MORTH accorded administrative approval and financial sanction (March 1999) for an expenditure of Rs.323.80 lakh on reconstruction of a minor

bridge at Km 222 of Chamari Nala of NH-25, Shivapuri-Bhognipur Section which included a lump sum provision of Rs.50.00 lakh for construction of a toll plaza and two side lanes across this bridge.

Toll plaza building and two side lanes were constructed at the cost of Rs. 20.05 lakh and Rs. 31.78 lakh respectively by January 2002. However, toll plaza and side lanes were not being used as no toll collection was being made at this point (April 2003).

On verification, it was found that the construction of new toll collection point at Chamari Nala was in contravention of the notification of MORTH (August 1997) as there was already a permanent toll collection point at Kalpi over Yamuna river at a distance of 23 Km only from Chamari Nala in the same NH section. As a result, the approval of construction of toll plaza at Chamari Nala was not justifiable and irregular, rendering the entire expenditure infructuous.

Thus, the construction of a new toll plaza and two side lanes in disregard of the notification of MORTH (August 1997) resulted in wasteful expenditure of Rs.51.83 lakh.

The matter was reported to Government in (July 2003); reply had not been received (March 2004).

Photograph of unused toll plaza-Shivpuri-Bhognipur



4.2.3 Wasteful expenditure on submerged road and bridge

Non-observance of financial rules and guidelines for preparation of estimate and drawings rendered the expenditure of Rs.29.88 lakh incurred on submerged road and bridge wasteful.

According to the financial rules, a detailed estimate sanctioned by competent authority should guarantee that proposals are structurally sound and estimates

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are accurately calculated and based on adequate data. Departmental guidelines envisaged that the Highest Flood Level (HFL), position of submergence of the site area, behavior as well as course of the river and height of the embankment (not less than 60 cm above HFL) should invariably be taken into account at the time of preparation of the technical estimate for construction of roads and bridges.

Government sanctioned (February 1994) Rs.71.75 lakh for construction of 8.00 Km long Khamaria to Gaur-Chaukhadia-Chahalwa (KGCC) road and a RCC bridge on this road over Chauka Nala. Simultaneously Rs. 17.03 lakh was also sanctioned for construction of a RCC bridge along with its approach road (200 metre) over Gobaria Nala at Km 6 of Amarnagar-Samodideeh-Phoolpur-Gunia (ASPG) road for connecting this road to KGCC road. The technical sanction to the detailed estimate for construction of KGCC road (earthwork to painting stage) was accorded (August 1994) for Rs.48.76 lakh by the Superintending Engineer (SE), 21st Circle Sitapur. The drawing of the RCC bridge at Km 6 of ASPG road was approved (March 1997) by SE and technical sanction of the detailed estimate was accorded by the Executive Engineer (EE), Provincial Division (PD), Sitapur in March 1997 for Rs. 17.03 lakh.

A test-check (January 2003) of the records of the EE, PD, Sitapur revealed that against the sanctioned detailed estimate for 8 Km, KGCC road was partially constructed on a length of 2.85 Km (earth work in 2.85 km and top coat in 2 km) on which a sum of Rs. 16.48 lakh was incurred as of March 1998. Further, the work was stopped due to submergence of road alignment in the main course of river Sharda which changed its course in the monsoon of 1998. The construction of RCC bridge over Gobaria Nala was completed at a cost of Rs. 13.40 lakh but construction of its approach road was not taken up as of July 2003 due to submergence of site area under the changed main course of the river. The Gobaria Nala had also changed its course away from the constructed bridge. Thus undertaking the work without a proper survey and preparation of the estimates on inadequate data had rendered the entire expenditure of Rs. 29.88 lakh on the partially constructed road and bridge wasteful.

When this was pointed out (January 2003) by audit, the EE replied that submergence of road alignment and bridge/approach road was due to natural calamity. The reply was not tenable because the alignment of the road and bridge was not based on adequate survey and study of highest flood levels of river during the preceding years. Even behavior and frequent changes in the course of river during the preceding years was not looked into.

The matter was referred to the Government (July 2003); reply had not been received (March 2004).

IRRIGATION DEPARTMENT

4.2.4 Infertuous expenditure due to substandard work

Infertuous Expenditure of Rs.52.47 lakh due to faulty and substandard construction of Bariyar Escape Head cum Cross Regulator at Km 21.900 of Basti Branch

According to terms and condition of the agreement, if the Engineer-in-Charge is satisfied that the construction of any part of the work is faulty or the materials used are substandard, he may ask the contractor to remove such defects within a specified period of time. If the contractor fails to comply in all respects within ten days after the expiration of such specified period, the Engineer-in-Charge may remove such defects at the cost of the contractor.

Test-check (October 2002) of records of the Executive Engineer (EE), Saryu Nahar Khand-I, Balrampur revealed that the work of construction of Bariyar Escape Head cum Cross regulator at Km. 21.900 of Basti Branch was awarded (May 1998) to a contractor for Rs.1.43 crore* by the Superintending Engineer, Drainage Circle, Gonda with the stipulation to complete the work by 6 November 1999. The contractor started the work on 7 May 1998 but left it after partial execution i.e. abutment, piers and escape head regulator upto floor level by 6 May 2000, the extended date of completion of the work. The contractor was paid Rs.52.47 lakh upto April 2000 and thereafter the agreement was rescinded by the Superintending Engineer, Drainage Circle, Gonda (January 2001) because the contractor failed to complete the work by the extended date of completion.

The remaining work was awarded to M/s UP Project Tubewell Corporation (Corporation) through a Memorandum of Understanding (February 2001) at a cost of Rs.1.25 crore for which a sum of Rs.30.00 lakh was paid (March 2001) to the corporation as mobilization advance. The corporation did not start the work due to poor and weak existing structure of the foundation. On receipt of information of defective existing structure, an inquiry Committee (Committee) comprising of two Executive Engineers and one Superintending Engineer was appointed by the Chief Engineer in September 2002 to examine the quality of executed work as well as to fix the responsibility for execution and payment of defective works. The committee in its report dated 1 November 2002 opined that due to use of substandard materials of concrete in the foundation, further construction of the superstructure was not technically safe. As a result, the old site was abandoned and layout of new site was approved by the Chief Engineer (April 2003).

It was thus evident that the Engineer in-Charge did neither supervise the work properly nor did he hold back adequate dues of the contractor for adjustment against the unsatisfactory work done by him. Further, failure of the Engineer in-Charge to resort to action as contemplated in the contract document and release of payment for the work treating it as satisfactory indicated the possibility of collusion between the departmental officers and the contractors.

The department stated that the proposal for effecting recoveries from the contractor (50 per cent) and the erring officers (50 per cent) was pending with Government (August 2003).

Thus, expenditure of Rs.52.47 lakh, incurred on construction of Bariyar Escape Head cum Cross Regulator, proved infructuous due to faulty execution of work for which decision on recovery orders is still pending at Government level (August 2003).

* Agreement No.01/SE/98-99

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The matter was referred to Government (July 2003); reply had not been received (March 2004).

4.3 Violation of contractual obligations/undue favour to contractors

INDUSTRIAL DEVELOPMENT DEPARTMENT

4.3.1 Delay in completion of the Golf Course

In-action of the management of the GNIDA in spite of default in payment of lease rentals and other dues coupled with delayed decisions by GNIDA in proceeding with resolution of the issue, led to delay of more than two years in construction of the Golf Course.

The Greater Noida Industrial Development Authority (GNIDA) mooted (November 1992) the idea of construction of a Golf Course (GC) in Greater Noida for speedy all round development and for enhancing the marketability of land in Greater NOIDA. Based on tender, GNIDA allotted (May 1994) 222.42 acre land @ Rs. 264.26/ sq. metre) at a cost of Rs. 23.76 crore¹ to Sterling Holiday India Limited (Sterling) for construction of an 18 hole Golf Course (GC) within four years. Subsequently, based on a proposal of Sterling for further expansion, it again invited another tender and allotted (January 1995) 215.38 acre of land (adjacent to GC land) costing Rs. 27.02 crore² @ Rs. 310/sq. metre) for construction of an Integrated Sports Complex (ISC). Approximately thirty *per cent* payment was made by Sterling at the time of allotment of both pieces of land. The residual 70 *per cent* was to be paid in 10 annual instalments. While, a lease deed for Golf Course land was executed (February 1995) with Sterling, no deed was executed in respect of ISC land.

Sterling completed a nine hole GC in January 1998 but could not make the 18 hole GC operational up to March 2000. In April 2000, GNIDA terminated the lease deed of GC land with Sterling and allotted (June 2000) both the pieces of land to Mussoori Hotels Limited (MHL, renamed as Jay Pee Greens (JPG) in December 2000) at the left over³ lease premium (LP) of Rs. 33.21 crore and interest and lease rentals (LR) of Rs. 41.60 crore thereon due from Sterling. As per the lease deed executed in June 2000 against the above amounts, GNIDA received (June 2000) Rs. 16.40 crore from JPG and invested Rs. 17.26 crore in JPG equity and Non-Convertible Debentures (NCD) at a floating rate of interest. The balance amount was to be paid in 10 equal instalments commencing from June 2001 with 15 *per cent* interest.

Further, 14.45 acres of land, scattered in the midst of originally allotted GC land was also allotted (December 2000) to JPG for the GC at a cost of Rs. 3.39 crore.

¹ Paid Rs. 7.69 crore on allotment and Rs. 1.61 crore as first instalment due in July 1995. Remaining Rs. 14.46 crore were payable in similar 9 yearly instalments with 18 *per cent* interest from July 1996 but not paid.

² Paid Rs. 8.27 crore on allotment of land. Remaining Rs. 18.75 crore were payable in ten yearly instalments after execution of lease deed.

³ L.P. GC land: Rs. 14.46 crore and ISC land: Rs. 18.75 crore = Rs. 33.21 crore. Interest and L.R.-GC: Rs. 20.66 crore and ISC land: Rs. 20.94 crore = Rs. 41.60 crore.

Audit scrutiny revealed:

Delay in commissioning of the Golf Course

Although the objective of construction of the GC was to ensure all round development of Greater Noida and to enhance the marketability of the land in the area, the project was not monitored effectively. Despite default in payment by Sterling from July 1996 onwards, the Board was informed of default for the first time only in December 1998. The lease of GC land was finally cancelled in April 2000.

Non-cancellation of the allotment of GC/ISC land

According to clause II(a) of the lease agreement with Sterling, GNIDA had the powers to cancel the allotment of GC land in case Sterling defaulted in payment for six months continuously. Although Sterling defaulted in payment of annual instalments of lease premium (LP) and lease rentals (LR) of GC land since July 1996, GNIDA did not enforce this clause and allowed Sterling to continue to develop the GC and complete a nine hole GC in January 1998.

In the case of ISC land, except for the initial allotment money (1995), neither did Sterling make any further payment nor was any lease deed executed. As a result, even the possession of the land was not given to Sterling. Therefore, GNIDA had full power to terminate the allotment. However, the allotment of ISC land was terminated in April 2000 only.

The delay in cancellation of the allotment of ISC land even after directions of the State Government (August 1999) was due to clubbing of both pieces of land by GNIDA on the request of ICICI. The decision to club unencumbered ISC land with the GC land, which had been mortgaged to ICICI, forced the Board of GNIDA to go in for a negotiated settlement rather than following the process of tendering/auction procedure for disposal of this unencumbered land. The GNIDA Board, while approving the modalities of transfer of both pieces of land to the new party, did not compute the extent of gain/loss that could have accrued had the ISC land not been clubbed with the GC land and instead were disposed independently.

GNIDA in its reply (2003) stated that ISC land was clubbed with the GC land because according to ICICI estimation, the GC project was not viable as a separate project. For the same reason GNIDA allotted the ISC land also to JPG without following any tendering procedure. In making the allotment, GNIDA, primarily relied on the opinion of the ICICI, which itself had a large exposure and, therefore, a stake in the project. In the absence of any independent evaluation except through a chartered accountant's firm, non-formulation of modalities for negotiations and lack of transparent selection procedure before hand, the reasonability of conditions entered with JPG remained unverified.

Non-observance of the directions of the State Government

On request of ICICI (March 1999) to constitute a Special Purpose Vehicle (SPV) in which all three stake holders-ICICI, GNIDA and Sterling would participate, for revival of the project, the Board of the GNIDA approved a proposal for creation of a SPV for revival of the GC project. The proposal was

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subsequently sent to the State Government, which concurred with the GNIDA's proposal and issued directions (August 1999) for the cancellation of the allotment of unencumbered ISC land and constitution of a SPV for reviving the GC project. The decision of the Board in April 2000 to hand over both pieces of land to MHL/JPG instead of constituting the SPV was not in consonance with GNIDA's proposal approved by Government. However, when the fact of transfer of the land to a new party instead of SPV was intimated to the State Government from March 2000 to May 2000, the State Government did not object to it.

Loss of interest

Further, as the sub-committee of the Board had computed overdue interest only upto 31 March 2000 and included the same in the financial package proposed for approval of Board for transfer of both pieces of land to new party, the delay in execution of the agreement also led to recurring daily interest losses amounting to Rs. 5.11 lakh (during the period between 1st April 2000 and 5th June 2000) which were not built into the package.

Imprudent waiver and undue aid to JPG

A clause in the lease deed with the JPG was inserted (May 2000) that if the 18 hole GC were completed by 31 March 2001, penal interest of Rs. 2.86 crore due and chargeable for the default in respect of dues would be waived. In the event GC was not completed by the stipulated date, the amount of penal interest would be converted into equity. Although the GC was stated to have been completed before 31 March 2001 by both, the contractor engaged for construction as well as by professional agencies such as Professional Golf Association (PGA) and Indian Golf Union (IGU), GNIDA organised the inspection of the GC after more than 2 months in June 2001. The delayed visit of the inspection team and their report with reference to ongoing activity of the laying of grass in various patches (June 2001) indicated that the GC was not operational by 31 March 2001. Consequently, the waiver of penalty of Rs. 2.86 crore was imprudent and resulted in undue aid to JPG. GNIDA in its reply stated that GC was constructed by 31 March 2001. The question of completion of Golf Course by stipulated date did not arise in view of delayed inspection and reported construction activities even after the stipulated date.

Thus, the prime land on which the GC was to be constructed and was acclaimed as an unique selling proposition (USP) for Greater Noida, remained unutilised for more than two years due to lack of expeditious action at various levels. Besides, waiver of penal interest was not prudent.

PUBLIC WORKS DEPARTMENT

4.3.2 Non-recovery of liquidated damages

Department failed to recover Rs.97.28 lakh on account of the liquidated damages due to non-adherence of milestones for completing the project as provided in the agreements.

Under UP Sodic Land Reclamation Project II, specific and clear-cut milestone dates were prescribed in order to watch the physical progress of the works being executed. The contract conditions *inter-alia* envisaged that works should be completed within nine calendar months including rainy season from the date of start. In case of failure in achieving the prescribed milestones, penalty (liquidated damages) at a specified rate subject to a maximum of 10 *per cent* of the final contract price would be recovered from the contractors. Time extension cases, if any were to be decided within 21 days by the department, under the provisions of the contract.

Scrutiny (September 2002) of the records of the Executive Engineer (EE), Construction Division (SODIC), PWD, Mainpuri and further information collected (April 2003) revealed that 11 agreements were executed with contractors for road works in various packages under the control of the EE. The milestones fixed for completion of works were as under:

Sl. No.	Milestone	Physical work to be completed	Period of completion of work from the date of issue of notice to start the work	Revised Milestone
1.	Milestone No.1	25% of total length	Under package 7 months	10 months
2.	Milestone No.2	50% of total length	Under package 8 months	11 months
3.	Milestone No.3	100% of total length	Under package 9 months	12 months

It was noticed in audit that the contractors failed to complete the works even after expiry of the deadline for milestone No.3, necessitating imposition of liquidated damages at a rate of Rs.4250 per day reckoned with effect from due dates of completion of works subject to the maximum of 10 *per cent* of contract price. As a result, the liquidated damages of Rs.97.28 lakh (**Appendix-4.4**) were recoverable from contractors but no recovery were made as of July 2003.

Further, in respect of seven cases, time extensions were applied for by the contractors but not sanctioned by the department even after a lapse of more than one year while it was to be decided within 21 days by the department. Besides, the time extension was sanctioned ex-post facto in respect of other four cases but the contractors failed to complete the works even after the extended period.

On being pointed out by audit, the EE stated that liquidated damages(LD) would be recovered at the time of final payment in case of non-sanction of time extension. The reply was not tenable because the EE failed to adhere to the provisions of contracts and non-deduction of LD timely itself was an undue favour to the contractor.

Thus, due to non-imposition and non-recovery of LD by EE, the Government suffered a loss of Rs.97.28 lakh.

The matter was reported to the Government (August 2003); reply has not been received (March 2004).

4.4 Avoidable/Excess/Unfruitful expenditure

SPORTS DEPARTMENT

4.4.1 Unfruitful expenditure on construction of Astro turf Stadium

Defective planning and lack of foresight in determining the height of the plinth level rendered the expenditure of Rs. 3.36 crore incurred on laying of Astro turf and construction of Phase I & II unfruitful.

Government sanctioned Rs. 4.02 crore for the construction of an Astro turf Stadium for Hockey motivation in two Phases (Phase-I Rs.2.65 crore* and Phase –II Rs. 1.37 crore*) at Lalpur in district Varanasi and entrusted the work to the Uttar Pradesh Rajikiya Nirman Nigam Limited (Nigam). The first Phase covered acquisition of land, laying of Astro turf, construction of boundary wall, etc. whereas Phase-II was comprised of construction of sports hostel, pavilion, base courts and other buildings.

Test-check of records (February 2002) of Regional Sports Officer (RSO), Varanasi and further information collected (November 2003) revealed that the work of the first Phase was started by the Nigam in August 1992 and completed in September 1995 after incurring an expenditure of Rs. 2.92 crore[▼]. The additional expenditure over the sanctioned amount was met by diversion of funds from Phase-II and other schemes.

Defective planning and lack of foresight in making the plinth level low, however, caused water logging which rendered the Astro turf unplayable. Though the Astro turf had become unsuitable for use, no corrective action was taken to increase the plinth level and replace the Astro turf. Meanwhile, its life span of seven years has also expired.

Interestingly, without taking the cognizance of the futility of the work of Phase I, the Nigam commenced the work for the second Phase. After incurring an expenditure of Rs. 1.12 crore, the Nigam could complete (October 2003) only the hostel building. Construction of other items of work under phase-II viz., pavilion base courts and other buildings was in progress as of October 2003.

As a result, the trainees supposed to take training on Astro turf were actually being trained on clay ground at Sagra Stadium thus, defeating the main aim of the project.

The Department admitted that the stadium could not be used due to water logging and non-construction of bathroom, change room, lavatory etc. The sewage was also not working properly.

Thus, due to defective planning in construction of sub-base work and non-completion of works under Phase-II, the expenditure of Rs. 3.36 crore incurred on laying of Astro turf and on construction of Phase-I and II was rendered unfruitful. The remaining expenditure of Rs. 0.68 crore relating to cost of land

* State Share March 1990:Rs.1.00 crore, March 1991:Rs. 0.47 crore, December 1992:Rs. 0.48 crore and March 1993: Rs. 0.25 crore and Central Share Rs. 0.45 crore.

♦ March 1995 Rs. 1.08 croe and February 2002:Rs. 0.29 crore.

▼ Astro turf including handling charges : Rs. 1.35 crore, cost of land : Rs. 0.68 crore, Boundary wall and sub base work : Rs. 0.89 crore

remained blocked. The planned objective of creating hockey motivation could also not be achieved.

The matter was referred to Government (February 2003); reply has not been received (March 2004).

4.4.2 Unfruitful expenditure on construction of swimming pool

Swimming pool lying incomplete even after incurring an expenditure of Rs. 2.31 crore.

For promoting sports activities and for improvement of health of the youth, Government accorded (August 1995) financial sanction and administrative approval of Rs.1.62 crore (revised to Rs.2.25 crore in March 2002) for the construction of one Olympic size swimming pool and another smaller size pool at Allahabad.

Test-check (December 2001) of records of the Project Manager, Constructions and Design Services, Unit-33, Uttar Pradesh Jal Nigam, Allahabad and further information collected (July 2002-February 2004) from Regional Sports Officer, Allahabad revealed that the Government entrusted (August 1995) the work to Uttar Pradesh Jal Nigam (executing agency) and released funds of Rs.2.31 crore (including 0.06 crore from Commissioner Allahabad for the construction of work which was not included in the estimate) between August 1995 and December 2003. As per records of the executing agency, construction work commenced in October 1995 and was scheduled for completion in December 1996. It could not however be completed (December 2003) even after a lapse of more than seven years and incurring an expenditure of Rs. 2.31 crore. Due to non-completion of the swimming pools, the intended purpose could not be achieved and expenditure incurred proved unfruitful.

The department stated that non-availability of funds in time, extra work due to water logging at the site and increase of items of work on the advice of the Technical Committee were the main reasons for non-completion of the swimming pools.

The reply is not tenable as records reveal that Rs. 1.46 crore was made available (August 1995-September 1995) in advance i.e. before commencement (October 1995) of work. Further funds were also released as per requirement/progress of the work. Moreover, in consideration of factors as pointed out by the executing agency/department, Government had accorded (March 2002) a revised financial sanction of Rs.2.25 crore and finally ordered the revised date of completion of work by June 2002. This also was not adhered to (February 2004) for want of a meagre amount (Rs. 4.60 lakh) to complete petty works viz., internal storm water drain, construction of cascade, site development of swimming pool, removal of defects in boundary wall and fixing of diving board. It showed the lack of pursuance/monitoring and seriousness on the part of executing agency as well as the department.

Thus, due to non-completion of work in time the Government had to bear an additional burden of Rs.0.69 crore (Rs. 2.31 crore - Rs.1.62 crore). Besides, even after incurring an expenditure of Rs. 2.31 crore, the purpose could not be achieved and expenditure incurred on it proved unfruitful.

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The matter was referred to Government in May 2003; reply has not been received (March 2004).

MEDICAL, HEALTH AND FAMILY WELFARE DEPARTMENT

4.4.3 Unfruitful expenditure on incomplete CHC

Failure to enforce agreement with the executing agency resulted in unfruitful expenditure of Rs. 1.08 crore on incomplete CHC building.

For the construction of Community Health Centre (CHC) at Mau, District Banda (Chitrakoot with effect from August 2000), Government accorded administrative and financial approval (March 1998) of Rs. 1.21 crore with the condition that funds would be made available to the executing agency through Chief Medical Officer (CMO), Banda after execution of an agreement in favour of Government and execution of work would commence only after detailed estimate was approved by the competent authority. Further, to avoid any contingency of the building remaining incomplete for want of funds, Director General, Medical and Health Services, Uttar Pradesh, Lucknow (DGMHS) (February 1999) prioritised the execution of various items of CHC in descending order viz. (i) Boundary wall (ii) Water supply arrangement (iii) Main building consisting of OPD, Diagnostic Centre, Patient Ward etc. and (iv) Residential building. The CMO concerned was to monitor and ensure adherence to this schedule.

Test-check (June 2002) of records of CMO, Chitrakoot and further information collected (April 2003-February 2004) revealed that in disregard to government orders, funds (Rs.1.08 crore) were released (June-August 1998) to the Construction and Design Services, Uttar Pradesh Jal Nigam (executing agency) without executing an agreement. Further, the executing agency ignoring the priority of construction of main building consisting of OPD, Diagnostic Centre, Patient Ward etc. fixed by the DGMHS started (October 1998) construction of all items of works simultaneously without approval of detailed estimate (approved subsequently in December 2002). The CMO also did not take up this issue either with the executing agency or with DGMHS with the result that funds were exhausted. The last instalment of Rs. 12.25 lakh though released by Government in April 1999, was not made available to the executing agency by the CMO as it was not drawn (reasons not specified) resulting in the lapse of above funds and stoppage of work (April 2000). Government again released Rs. 12.25 lakh (March 2003) but, the work had not been started by the executing agency (January 2004). Thus after incurring an expenditure of Rs. 1.08 crore, 55 per cent of Main building, 80 per cent of six type I quarters, 45 per cent of six type II quarters, 90 per cent of four Medical officers quarters and 95 per cent of Boundary wall work could be completed as of December 2003. For completion of the balance work, revised estimate of Rs. 1.47 crore was submitted (March 2003) by the Executing agency, but its sanction and release of additional funds of Rs. 26.57 lakh was awaited (December 2003).

When this was pointed out in Audit (June 2002) the Department accepted its failure to take appropriate and desired action.

Thus, failure of CMO, Chitrakoot (Banda) to enforce the agreement with the executing agency, lack of monitoring and also non-drawal of funds resulted in non-completion of CHC building even after incurring an expenditure of Rs. 1.08 crore which remained unfruitful.

The matter was referred to the Government in September 2003; reply has not been received (March 2004).

SOCIAL WELFARE DEPARTMENT

4.4.4 Unfruitful expenditure on construction of hostels

Failure to take proper action caused unfruitful expenditure of Rs. 1.41 crore on construction of hostel besides depriving hostel facilities to the needy students.

Non-utilisation of hostels for the intended objective

To provide hostel facilities to Scheduled Caste students, Government accorded (between March 1985 and March 1994) sanction of Rs.0.75 crore (revised in March 1995 for Rs.1.14 crore) for construction of six hostels (three for boys and three for girls) and entrusted the work to the Uttar Pradesh Samal Kalyan Nirman Nigam Limited (executing agency)(between March 1985 and March 1994) who after completing these hostels at a cost of Rs.1.07 crore, handed over the possession to the department between December 1995 and April 1999. The department also incurred an expenditure of Rs.8.22 lakh on purchase of furniture and Rs.1.52 lakh on their maintenance. The details were as under:

(Rupees in lakh)

Sl. No.	Name of hostel	Sanctioned in	Sanctioned Cost		Expenditure Incurred on			Date of taking over possession	Status	Remarks	
			Original	Revised (March 1995)	Construction	Furniture/ Maintenance	Total				
A											
Boys Hostel											
1.	Hasanpur, Mathura	March 1994	12.17	18.37	18.09	1.37	--	19.46	March 1996	Not running	Being in remote area
2.	Shiva Rajpur, Kanpur Dehat	March 1994	12.17	18.45	16.80	1.37	0.38	18.55	December 1995	-do-	Doors/Windows broken
3.	Bara Gaon, Varanasi	November 1993	12.17	20.51	18.14	1.37	--	19.51	November 1996	-do	-do-
B.											
Girls Hostels											
4.	Nagla Father, Etawah	March 1992	12.73	18.90	17.43	1.37	0.38	19.18	March 1996	-do-	Used for Asharam Paddhyati School
5.	Ashapur, Varanasi	March 1989	12.73	18.90	18.73	1.37	0.38	20.48	April 1999	-do-	Beggar Home
6.	Akbarpur, Kanpur Dehat	March 1985	12.73	18.90	17.64	1.37	0.38	19.39	December 1995	-do-	Navodaya Vidhyalay
Total			74.70	114.03	106.83	8.22	1.52	116.57			

Test-check (July 2002) of records of the Director, Samaj Kalyan, Uttar Pradesh, Lucknow and further information collected (April-August 2003) revealed that the hostels were not in use for various reasons. One boys' hostel was located in a remote area, doors and windows were broken in an another two boys' hostels

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and girls' hostels were used for other purposes viz running of Ashram Paddyati/Navoday School and Beggar home. Due to non-use of these hostels, the expenditure incurred on construction/maintenance of these hostels and purchase of furniture not only proved unfruitful but it also deprived the hostel facility to the needy students.

The Department stated that decision to utilize girls' hostels for other purposes was taken locally at the level of District Magistrate concerned. However, in spite of several requests made by the Director, Social Welfare, UP Lucknow these hostels could not be got vacated so far (August 2003).

The reply is not tenable as the matter was not taken up at higher/Government level. The department was responsible for construction of hostel for the purpose at remote locality and to maintain the hostels and arrange for replacement of broken doors and windows.

Thus, failure of the department in taking proper action resulted in unfruitful expenditure of Rs. 1.17 crore besides depriving hostel facilities to the needy students.

The matter was referred to the Government in September 2003; the reply has not been received (March 2004).

Non-utilisation of hostels for beneficiaries

State Government accorded sanction for the construction of fifty bedded Hostel at Jahanabad, Fatehpur District in March 1987 at a cost of Rs.9.08 lakh (Revised: Rs.9.75 lakh) and entrusted the work to Uttar Pradesh Samaj Kalyan Nirman Nigam (Nigam), Fatehpur.

The hostel was constructed during 1987-88 at a cost of Rs. 9.31 lakh in the premises of Badri Prasad Shiksha Sadan, Jahanabad, Fatehpur (Sansthan) without getting the land title transferred in favour of Government. The department incurred Rs. 1.33 lakh on purchase of hostel furniture, Rs.1.26 lakh on electricity connection and Rs. 11.79 lakh on pay and allowances of the staff upto March 2003. The hostel was handed over to the Manager of the Sansthan during July 1988 for providing hostel accommodation to the scheduled caste students. The Manager was however occupying it and using the facility for activities other than those for which the hostel was built. The Department/Government did not take effective measures to get the hostels vacated even after lapse of a period of more than fifteen years.

On being pointed out, the Department stated (November 2003) that the matter had been referred (October 2003) to District Magistrate, Fatehpur for getting the hostel vacated from the Manager of the Sansthan. The vacation of the hostel was still awaited (November 2003).

The reply was not convincing as the department did not take effective measures by enforcing legal proceedings against the occupier and even after lapse of a period of more than fifteen years it had simply written to the District Magistrate to get the hostel vacated.

The lackadaisical approach adopted by the Department had therefore, resulted in unfruitful expenditure of Rs. 23.69 lakh besides denial of intended benefits of hostel accommodation to the students.

The matter was referred to the Government (August 2003); the reply had not been received (March 2004).

EDUCATION DEPARTMENT

4.4.5 Unfruitful expenditure on imparting computer education

Faulty planning, inept handling/execution and improper monitoring resulted in unfruitful expenditure of Rs. 6.86 crore on imparting computer education, besides failure to achieve the intended objective.

Implementation of Computer Literacy and Studies in Schools (CLASS)

CLASS Project, sponsored by Government of India (GOI) was started in Uttar Pradesh from 1984-85 in 15 selected Government/Government aided secondary schools/colleges. It was extended to 207 colleges during 1985-90. Under the Project, five BBC Micro System Computers were provided to each school. A total amount of Rs. 25.50 lakh was also made available to the schools for running and maintenance of the computers.

Test-check (March 2002) of records of the Director, Education (Secondary) and further information collected (January-June 2003) revealed that the Project remained in operation from 1984-90. During this period, an expenditure of Rs. 25 lakh was incurred. The Project was discontinued in 1990-91 as contingent expenses for running of these computers were neither provided by the GOI nor the State Government. After a gap of five years, the same project was re-started from 1995-96. Besides, 222 schools already selected, 160 new schools were identified during July 1995-1996 to be covered under the project. Rs. 7.63 crore (Rs.6.36 crore : for implementation and Rs.1.27 crore : for purchase of Computers and accessories) was sanctioned by GOI during March 1995-1998. Agreements were executed (August 1996) with Informatics Computer Systems (ICS) and National Computer System (NCS) for two academic sessions (1996-98) extendable for a further two academic sessions. As per agreements, the firms were to provide trained and qualified instructors for imparting computer training/education, repairs and maintenance of the computers and also to bear the cost of stationery/floppies. For rendering the requisite services, the firms were to get a fee at the rate of Rs. 71800 per school per academic session for schools which had BBC Micro System Computers and Rs. 83000 per school per academic session for schools which had PC- 386 computers.

36856 and 36209 students were trained in 1996-97 and 1997-98 respectively against the target of 54250 per academic session by these firms who were paid Rs.2.10 crore. No evaluation to assess the impact of the scheme was, however, done as stipulated in the agreement.

Further, the Department, instead of extending the period of agreements or executing fresh agreements with new firms, discontinued the Project (no reasons were assigned) and deposited (July 1999) the balance amount of Rs.5.53 crore into the Treasury instead of refunding it to the Central

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Government. This amounted to misutilisation of central funds by the State Government.

Computer Education Scheme (CES)

The State Government started from 1998-99 a new scheme viz. Computer Education Scheme in 100 Government Colleges (UP: 83 and Uttaranchal:17).

For implementation of the scheme, financial sanction of Rs. 5.50 crore was accorded in September 1998. An agreement for supply of computers and deploying of instructors for imparting computer training was executed with M/S Uttar Pradesh Electronics Corporation Ltd. (UPTRON) in March 1999. As per agreement the warranty period of computer hardware and software was for three years initially which was subsequently reduced (July 1999) to one year. During warranty period, UPTRON was to maintain computer systems and systems software and on its expiry Annual Maintenance Contract (AMC) for the computers was to be entered into between UPTRON and State Government.

Scrutiny of records, however, revealed that the Instructors deployed were sent back to UPTRON in mid-session as they did not possess the requisite qualification. The computer training therefore remained incomplete and honorarium amounting to Rs. 1.20 crore paid to the Instructors proved wasteful. Besides, expenditure of Rs. 3.31 crore incurred on purchase of computers and construction of dust free rooms also remained blocked. On expiry of the warranty period, AMC was not entered into as of August 2003.

Thus, in spite of availability of funds, faulty planning, inept handling/execution and improper monitoring led to non-achievement of the intended objective of imparting computer education. The total expenditure of Rs. 6.86 crore (Rs. 2.35 crore: CLASS and Rs. 4.51 crore: CES) incurred on the two schemes also proved unfruitful.

The matter was referred to Government in September 2003; reply has not been received (March 2004).

INDUSTRIAL DEVELOPMENT DEPARTMENT

4.4.6 Avoidable expenditure on construction of roads

Deviation from specifications prescribed by Ministry of Road Transport and Highways for construction of roads resulted in unnecessary expenditure of Rs. 1.27 crore.

According to specifications of Ministry of Road Transport and Highway (MORTH) any one of the following three methods could be adopted for surface course of roads after tack coat/prime coat on Water Bound Macadam (WBM) top coat:

- Surface dressing {Painting 1(P₁) + Painting 2 (P₂)}
- Mix Seal Surface (MSS)
- Pre mix carpet with seal coat

Test-check (April-May 2003) of the records of Greater NOIDA Industrial Development Authority (Authority) revealed that the Authority prepared estimates for surface course with MSS after tack coat on WBM for approval by

Chief Executive Officer (CEO) of Authority. However, the CEO against the prescribed specifications of the MORTH, ordered that P₁ should also be done before MSS. Accordingly, Authority executed P₁ after tack coat on WBM and thereafter MSS. Deviation from specifications resulted in extra expenditure of Rs. 1.27 crore which was avoidable.

Authority stated (May 2003) that P₁ was done as per Section 508 of MORTH's specifications. The reply is not tenable as the above MORTH's specification deals with Semi Dense Bituminous Carpet and not P₁/MSS. Besides, P₁ should be followed by P₂, not by MSS, as laid down in the specifications of MORTH.

Thus, the execution of work in contravention of the specifications of MORTH by the Authority resulted in an avoidable expenditure of Rs.1.27 crore.

The matter was referred to Government (May 2003); reply has not been received (March 2004).

PANCHAYATI RAJ DEPARTMENT

4.4.7 Unfruitful expenditure on account of defective planning

Failure to monitor the executing agency led to non-completion of buildings of Panchayat Bhawan for the last six years besides rendering the expenditure of Rs. 2.69 crore unfruitful.

Financial Rules provide that a technical sanction to estimate for a work should not be accorded by the competent authority unless proposals are structurally sound and all items of work are included in the detailed estimate.

Test-check of records (June 2001) of Zila Panchayat, Lucknow and further information collected (September 2003) revealed that Government released Rs. 2.09 crore to District Panchayati Raj Officer, Lucknow (DPRO) in March-June 1994 for renovation of the existing office building, construction of a Guest House and 24 residential flats^f and awarded the work (April 1994) to UP Rajkiya Nirman Nigam Ltd, Lucknow (UPRNN) with the condition that grants be utilised by the end of March 1995. Estimates prepared by UPRNN were sanctioned

(April-June 1994) for Rs. 2.09 crore by State Government. The entire amount was released^Σ by DPRO to UPRNN for execution of the work without entering into an agreement/ Memorandum of Understanding (MOU) incorporating penal clause to effect recovery of liquidated damages in the event of executing agency failing to complete the work within sanctioned cost and fixed time schedule as laid down under financial rules.

UPRNN failed to complete the work within the stipulated period and sanctioned cost. Government however, conceded to its demand for additional funds and released (March 1997) Rs.59.66 lakh against the revised estimate of Rs.2.69 crore with the condition that the work be completed by September 1997. The

^f Type-I:10, Type-II:10 and Type-IV:4

^Σ April 1994: Rs.1.50 crore and June 1994: Rs. 0.59 crore

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executing agency was however, unable to complete the work even by the extended date (September 1997) and placed (March 2001) a fresh demand of Rs. 37.13 lakh for completing the remaining civil works as well as the entire external electrification work (Rs.18.08 lakh) which had not been provided for in the estimates. No funds were released for the balance work by the Government as of September 2003, although it agreed (October 1999) to the proposal. As a result, the buildings constructed at a cost of Rs.2.69 crore could not be utilised for the last six years.

Upper Mukhya Adhikari (UMA) stated (September 2003) that construction work was still incomplete while UPRNN informed (September 2003) that the Government had not released the required funds (Rs.37.13 lakh) in spite of repeated requests.

The reply was not tenable as release of funds to UPRNN without execution of an agreement, prevented the Department from imposing penalty for non-completion of work. Further, failure in making the provision for external electrical works in the detailed estimate indicated negligence on the part of UMA and UPRNN despite clear direction of the Government for completion of work.

Thus, the failure on the part of UMA in providing approval to the structurally unsound and unrealistic estimate and unconditional release of funds to UPRNN with reference to the cost and time schedule coupled with failure in monitoring the construction work resulted in unfruitful expenditure of Rs.2.69 crore on incomplete construction of buildings.

The matter was referred to Government (September 2003); reply had not been received (March 2004).

PUBLIC WORKS DEPARTMENT

4.4.8 Avoidable expenditure due to improper decision in imposing liquidated damages

Improper decision to impose liquidated damages despite lapses of the department in providing drawings led to litigation and an avoidable expenditure of Rs. 1.30 crore.

For rehabilitation (reconstruction) of Faizabad, Allahabad Road (Km 80.00 to Km. 127.400), the Superintending Engineer (SE) 64th Circle (World Bank), PWD, Allahabad entered into an agreement with a contractor (August 1993). The value of work was Rs.23.33 crore with date of start and that of completion as 26 August 1993 and 25 August 1996 respectively. The work, *inter-alia*, included construction of two bridges and 35 culverts and its drawings and designs were to be provided by the Department.

As per provisions of the clauses 47 and 67 of the agreement, one-fourth work of the contract value was to be completed within 325 days according to the first milestone, failing which Liquidated Damages (LD) was to be recovered from contractor at a rate of 1/20 (five *per cent*) of the contract price per day subject to maximum of 10 *per cent* of the contract price. The agreement also contained

the provision of time extension to the contractor in the event of delay in supplying the drawings and design in time.

Scrutiny (May 2003) of the records of the Superintendent of Works (SOW), Temporary Departmental Construction Unit (Roads), DASP, PWD, Jaunpur revealed that drawings and design of the bridges and culverts were delivered to the contractor by the department in piece meal manner upto 16 July 1994 whereas time limit of first milestone ended on 16 July 1994. As a result, the contractor could not achieve the target of physical progress of the work within stipulated time under first milestone.

On request of the contractor, the SE recommended to grant time extension upto 18 May 1995, but the Chief Engineer rejected the proposal and ordered (May 1995) for recovery of LD despite the advice note (April 1995) of the consultant appointed by the department that the imposition of LD at this time would precipitate contractual problems. Accordingly, a sum of Rs. 1.44 crore was recovered from the contractor's bills.

As a result, the contractor invoked arbitration clause and the Arbitrators awarded (December 1998) compensation in favour of the contractor, which was upheld by Hon'ble High Court (UP) and also the Supreme Court of India.

Consequently, State Government had to release (November 2002) budget for payment of the award and, Rs.2.74 crore was paid to the contractor (November 2002) which included refund of LD (Rs. 1.44 crore), interest (Rs. 1.29 crore) on withheld amount plus court expenses (Rs. 0.01 crore).

In reply, SOW stated (June 2003) that the delay in providing drawings/designs was due to their late receipt from the consultant Engineers of Roorkee University. The reply was not tenable as it was the responsibility of SOW to obtain and provide them well within time to contractor.

Thus, improper decision to impose LD led to litigation and subsequently an avoidable expenditure of Rs. 1.30 crore.¹

The matter was reported to Government (July 2003); the reply had not been received (March 2004).

4.4.9 Unfruitful expenditure on incomplete work

Unauthorised road construction works in violation of Forest (Conservation) Act, 1980 rendered an expenditure of Rs. 65.23 lakh unfruitful as the work remained incomplete.

Under the Forest Conservation Act, 1980, prior approval of the Government of India (GOI) for use of reserve forest land for non-forest purposes is necessary. The rule *inter-alia*, provides that if the proposed work involves forest land in some stretches, the work on even non-forest land/reaches should not commence till sanction for the use of forest land is obtained.

¹ Total payment	Rs. 274.14 lakh
Less-amount withheld/recovered as LD by PWD	Rs. 143.57 lakh
Net avoidable expenditure	Interest : Rs.129.13 lakh + Court expenses : Rs. 1.44 lakh)

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Scrutiny of records (March 2002) of the Executive Engineer (EE), Provincial Division, PWD, Allahabad and further information collected (April-July 2003) revealed that 18.50 km long Laltara-Palpatti Road was sanctioned in March 1997 at a cost of Rs.95 lakh. In disregard of the Forest Conservation Act, 1980, the EE commenced (1998-99) construction of road in km 1 to 14.44, the reach falling in Forest Land, without prior permission of GOI. The work was to be stopped by EE in March 2001 after executing Earth work and Soling work in 14.440 Km, top coat work in 10 Km and painting work in eight Km at a cost of Rs.65.23 lakh.

The EE stated (April 2003) that the proposal was being prepared and efforts were being made for transfer of forest land from Forest Department. The fact, however, remains that the proposal for acquisition of forest land has not been sent by the department to Government of India as of date (July 2003).

Thus, due to departmental inaction in sending the proposal for acquisition of forest land, commencement of road work on forest land without obtaining prior permission of GOI as required under the provisions of Forest Conservation Act, resulted in unfruitful expenditure to the tune of Rs.65.23 lakh. Besides, villagers were deprived of the intended benefits of a metalled road throughout the sanctioned alignment of the road.

The matter was reported to the Government (August 2003); reply had not been received (March 2004).

4.4.10 Avoidable extra expenditure on strengthening of a road

In spite of incurring an extra expenditure of Rs. 1.26 crore by using material of richer specification, the division could not get the desired crust thickness meant for designed life of five years.

According to Indian Road Congress Specification (IRC:37), the thickness of Bituminous Macadam (BM) should be restricted to 50 mm only in a pavement designed for 450 mm of crust thickness and where the California Bearing Ratio (CBR) value is six *per cent*.

Government sanctioned (December 2001) Rs. 4.55 crore for strengthening work of the ring road between Lucknow-Kanpur Road and Lucknow-Hardoi Road (Length 10.400 km).

Test-check (May 2003) of the records of the Executive Engineer (EE), Provincial Division, PWD, Lucknow revealed that design prepared for strengthening provides that the crust thickness of the road should be raised from the existing 220 mm to 430 mm (210 mm) to achieve the designed life of five years. The estimate further envisaged laying one layer each of 75 mm and 50 mm Bituminous Macadam (BM) and 25 mm Semi Dense Bituminous Concrete (SDBC), over the existing base course of Water Bound Macadam (WBM) by applying the equivalency factor which stipulates that the strength of 125 mm of BM layer is equivalent to 187.5 mm of WBM layer. Besides, the estimates also provided for removal of undulation by 1078.48 cubic meter BM material and depressions by 50 mm thick 1050 Cum BM material in km three, seven & ten.

Accordingly, two agreements* were drawn up by the Superintending Engineer by which 10380.08 Cum BM material were laid at the cost of Rs. 3.15 crore.

To meet the required crust thickness, the concept of equivalency factor as adopted by the division was not justified, as it was in contravention of IRC specification because the maximum admissible thickness of BM was 50 mm only. Had the department executed the strengthening work by strictly following the IRC specifications (one coat of 50 mm BM over 160 mm WBM along with the profile corrective course), an extra expenditure of Rs. 1.26 crore¹ could have been avoided.

The EE stated that the strength of BM was 1.5 times of WBM and the road could not be closed for WBM works for longer duration due to heavy traffic as it was connecting National and State Highways.

The reply of the EE was not tenable as the MORTH[♥] specifications under clause 112 were not followed according to which traffic could have been regulated one way during the period of execution. Besides, the desired crust thickness of 430 mm also could not be achieved.

Thus, division incurred an avoidable extra expenditure of Rs. 1.26 crore and also failed to achieve the required crust thickness of the road designed for a life of five years.

The matter was brought to notice of Government (September 2003); reply had not been received (March 2004).

4.4.11 Execution of substandard work leading to unfruitful expenditure

Construction of road without conducting proper survey in assessing its crust thickness resulted in substandard work of Rs. 67.70 lakh.

Financial rules envisage that the estimate for a work should be realistic, based on proper survey and accurate data. Under UP Diversified Agricultural Support Project (UPDASP), the widening and strengthening of Chilkana-Gandewad road (Km 11 to Km 21) was sanctioned (February 1999) by Government at a cost of Rs.94.31 lakh.

The work entailed, *inter-alia*, strengthening of the existing pavement having crust thickness of 15 cm. The strengthening course envisaged overlaying of two coats of WBM* (each layer 7.5 cm thick) followed by two coats of surface dressing.

* (i) 3/SE/2001-2002 dated 15.2.2002 from 6 to 10.350 km, Agreement cost Rs.1.86 crore
(ii) 5/SE/2001-02 dated 27.2.2002 from 1 to 6 km, Agreement cost Rs 2.29 crore

¹ A) Total cost of the BM work executed	Rs. 3.15 crore
B) (i) Cost of WBM (13592.54 Cum)	Rs. 99.92 lakh
(ii) Cost of 50 mm BM (2927.40 Cum)	Rs. 88.70 lakh
Total (1+2)	Rs. 188.62 lakh
	Say Rs. 1.89 Crore
C) Deference (A)-(B)	Rs. 1.26 crore

♥ Ministry of Road Transport and Highways.

* Water Bound Macadam

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Test-check (January 2003) of the records of the Executive Engineer (EE) Temporary Departmental Construction Unit (Roads), PWD, Saharanpur revealed that the crust thickness designed for strengthening of the pavement was not based on prerequisite data like CBR* of the sub-grade and traffic intensity. The Superintending Engineer (SE) had accorded (September 1999) conditional Technical Sanction (TS) with the remarks that since the provision of crust thickness in the estimate was based on average CBR, it should be ascertained before commencement of the work keeping in view the IRC specifications.

The EE, while executing the work did not ascertain the CBR and the traffic intensity, nor calculated the required crust thickness. The SE also failed to ensure the compliance of his instructions recorded in the TS. The strengthening work was executed (January 2003) at a cost of Rs.67.70 lakh according to the previously sanctioned estimate.

Further scrutiny of records revealed that the road developed extensive crocodile/alligator cracks and it was damaged within 18 months from the date of its opening for traffic. The technical examiner (consultant) of Rural Road Works under DASP, M/s SMEC International Ltd. attributed the cracks/damage due to heavy traffic intensity and excessive axle load because the designed crust thickness of 30 cm for this road was inadequate.

On this being pointed out by audit, the EE stated that it was a reconstruction work only to improve the existing crust by overlay of WBM in 15 cm, hence CBR value was not determined and required crust thickness not calculated.

The contention of the EE was not tenable because the prior assessment of the required crust thickness on the basis of CBR value and traffic intensity was the prerequisite for both original and reconstruction work according to the IRC specification. Besides, this requirement was clearly stipulated in TS.

Thus, due to execution of strengthening work in disregard of CBR value of sub-grade of the existing road, current traffic intensity and axle load of vehicles, the crust thickness provided, proved in-adequate and was finally damaged due to heavy cracks resulting in unfruitful expenditure of Rs. 67.70 lakh.

The matter was reported to Government (September 2003); the reply had not been received (March 2004).

4.4.12 Work against specifications: avoidable expenditure

Avoidable expenditure of Rs 1.90 crore due to laying of drainage layer and Granular Sub Base (GSB) layer without requirement and also against specifications.

According to the specification of Indian Road Congress (IRC), a drainage layer of coarse to medium sand may be provided over the sub grade if the CBR³ of the sub grade soil is lower than four *per cent*, annual rainfall is more than 1000 mm and the soil is clayey and impermeable. The specification also envisages

* California Bearing Ratio

³ California bearing ratio

that the Granular Sub Base (GSB) over the sub grade should be laid only in the width of pavement if CBR is higher than four *per cent*.

Test-check of records (July 2003) and further information collected (August 2003) from the Executive Engineer (EE), Construction Division, (Pradhan Mantri Gram Sadak Yojna – PMGSY), PWD, Ambedkar Nagar revealed that the CBR value of the soil in the area where roads were to be constructed was above four *per cent* (upto 6.5 *per cent*) and the soil test report also did not show impermeability. The estimates were however prepared and works were executed in violation of IRC specifications by laying drainage layer with coarse sand in three packages. In four other packages executed in areas where the CBR value was more than four *per cent*, GSB was provided in total formation width (8.6 metre) for the road instead of the prescribed width of the pavement (4.05 metre). This was not only a contravention of IRC specification but was also against the instructions of the Chief Engineer (CE) NRRDA⁴. Thus, the quantity of avoidable works executed and expenditure incurred on these items between the period from March 2002 to August 2003 were as follows:-

On this being pointed out by audit (July 2003), the EE stated that the instructions of the CE, NRRDA regarding drainage layer and GSB was circulated in November 2002, whereas the estimates were prepared and sanctioned in the year 2001-02.

Sl. No.	Item of work	Avoidable Quantity executed	Amount (Rupees in lakh)
1	Drainage layer with coarse sand	10438.17 CuM @ Rs. 900 pcum under package No. U.P.0501,502 and 503*	93.94
2	Excess laying of GSB in 20.196 Km in 8.6 metre width instead of 4.05 metre	9189.18 Cum @ 1068.88 under package No. UP-504,505,506 and 507*	96.38
Total			190.32

The reply of the EE was also endorsed (November 2003) by the Engineer in Chief (E-in-C), PWD, UP with his comments that the soil was clayey and average annual rainfall was more than 1000 mm as such drainage layer and GSB were provided in full formation width.

The reply was not tenable because the works under PMGSY were to be executed by strictly following the IRC specifications. Besides, the CE, NRRDA in his inspection note (May 2002) and further clarification (November 2002) had reiterated that drainage layer and GSB in full formation width was being laid in contravention of the IRC specifications.

The contention of the E-in-C that the soil was clayey was not acceptable because permeability and classification of soil was not ascertained in soil test

⁴ National Rural Road Development Agency, New Delhi

* CB No. 11/SE/AFS/dated 22.03.02

^ CB No. 3/SE/dated 25.06.02, 4/SE/dated 25.06.02, 7/SE/dated 16.07.02 and 8/SE/dated 22.07.02

report. Moreover, the fact remains that the CBR value was above four *per cent* in the instant cases whereas according to the IRC specifications, the soil with CBR value less than four *per cent* would be impermeable and clayey.

Thus, due to execution of work in contravention of IRC specifications, the department incurred an avoidable expenditure of Rs.1.90 crore.

The matter was reported to the Government (September 2003); the reply had not been received (March 2004).

IRRIGATION DEPARTMENT

4.4.13 Unfruitful expenditure on construction of Cross Regulators

Unfruitful expenditure of Rs.3.76 crore on the construction of Cross Regulators at Km.8.600 and Km.17.600 of Mariyahun Branch.

Under the Sharda Shahayak Project, Government sanctioned (November 1995) the balance work of construction of Allahabad, Pratapgarh and Mariyahun Branch systems at a cost of Rs.16.59 crore. The work included the construction of two Cross Regulators costing Rs. 3.46 crore at Km.8.600 and Km.17.600 of Mariyahun Branch of Sharda Canal, with a view to make up the shortfall of irrigation potential as proposed in original project in Raipur, Mau-Aima (distributaries), Bahadurpur and Siswa (minors) which take off from Mariyahun Branch at Km.8.480, Km.17.300, Km.8.050 and Km.17.550 respectively. The work was financed by National Bank of Agricultural and Rural Development (NABARD).

A test check (April 2000 and June 2003) of records of the Executive Engineer (EE), Irrigation Division, Allahabad revealed that the Superintending Engineer 18th, Circle Irrigation Work, Allahabad accorded technical sanction for Rs. 80.50 lakh (March 1998) and Rs. 82.94 lakh (April 1998) which was subsequently revised to Rs. 85.71 lakh (February 2001) for Civil works related to construction of Cross-Regulators at Km.8.600 and Km.17.600 of Mariyahun Branch respectively. For manufacturing steel gates for the Cross Regulators, a payment of Rs. 1.80 crore during 1998-99 (Rs. 90.00 lakh for each regulator) was given to the Executive Engineer, Irrigation Workshop, Bareilly. As of June 2003 the division had spent Rs. 3.76 crore (Rs. 1.96 crore on Civil works and Rs.1.80 crore on mechanical works) on the construction of two Cross Regulators but the steel gates could not be fixed even after lapse of above four years due to non-completion of required civil works for its erection. On being pointed out by audit, the Executive Engineer stated that due to paucity of funds Civil works could not be completed for fixing the gates. The contention of the EE was not tenable because no provisions of leaving space for pockets and fixing foundation bolts were made in the approved drawings and design as stated by EE himself.

Thus, undue delay in the completion of Civil works as per requirement by the department for the erection of gates resulted in unfruitful expenditure of Rs. 3.76 crore. Besides, the contemplated benefit of providing sufficient water to the affected minors and distributaries was not achieved.

The matter was referred to Government (July 2003); reply had not been received (March 2004).

4.4.14 Non availability of land : Unfruitful expenditure

Non-observance of codal provision of Financial Rules and Forest Conservation Act, 1980 rendered the expenditure of Rs. 39.70 crore unfruitful.

Section 4.4 of the Forest Conservation Act, 1980 stipulates that in case, the proposed work involves Forest land in some stretches, the work on even non-forest land/ reaches should not be started unless sanction for the use of forest land for non forest purpose is obtained from Government of India. Besides, Financial Rules provide that no work should commence on a land unless it has been duly made over by responsible civil officers.

Test-check of records of two divisions, the Saryu Nahar Khand-II and III, Gonda (April 2002) and further information collected (May 2003) revealed that under Saryu Nahar Project, the construction of Gonda Branch canal from Km.72.000 to 117.400 and Tikri Branch canal from Km. 0.000 to Km. 55.340 respectively was started in 1997-98 in the intermittent reaches without getting the prior permission/ possession of forest land falling in the alignment of the canals. Due to these existing gaps in branch canals, water could not be made available in the entire reach of canals except in first three Km. of Tikri branch as a result of which the farmers were deprived of intended irrigation facilities. The expenditure of Rs. 39.70 crore incurred on the construction of incomplete canals proved to be unfruitful. The details were as under :

Out of total expenditure of Rs. 21.22 crore, payment of Rs. 1.62 crore was made (1997-98) to the Divisional Manager (Engineering) North East Railway, Lucknow for construction of two railway crossings at Km. 3.625 and Km. 34.415 of Tikri Branch canal which were still incomplete (May 2003).

Sl. No.	Name of division	Name of canal	Total land required in hectare	Required Non forest land in hectare	Required Forest land in hectare	Non forest land acquired in hectare	Forest land acquired in hectare	Date of sending proposal for forest land	No. of gaps	Expenditure incurred (Rs. in crore)
1	2	3	4	5	6	7	8	9	10	11
1.	Saryu Nahar Khand-II, Gonda	Gonda Branch canal	455.000	453.600	1.400	417.650	Nil	12/2000	23	18.48
2.	Saryu Nahar Khand-III, Gonda	Tikri Branch canal	211.980	202.7719	9.2081	189.070	Nil	8/1999 & 4/2000	20	21.22

On this being pointed out in audit, the divisions stated that the required land could not be acquired because it involved negotiation with cultivators, which was fraught with numerous complications. The contention of divisions was not tenable because no concerted efforts were made by the divisions to acquire the

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non forest/ forest land which was discernible from the fact that the proposal of forest land was sent after two to three years of commencement of work. Moreover, the forest land is yet to be acquired.

Thus, the commencement of work by the divisions in contravention of the provisions of the Forest Conservation Act and its lackadaisical approach in sending the proposal for forest land after two to three years of commencement of work, resulted in unfruitful expenditure of Rs. 39.70 crore as the canal remained non- operational. Besides, the formers were denied intended benefit of irrigation.

The matter was referred to Government (July 2003); reply had not been received (March 2004).

4.4.15 Avoidable excess payment to contractors

Avoidable and excess payment to the tune of Rs. 62.54 lakh was made due to start of work on the basis of tentative drawings/designs and also due to frequent changes in drawings.

Financial rules provide that no work should be commenced unless a proper survey is conducted, detailed drawings and designs approved and detailed estimates sanctioned by the competent authority.

Test check of the records of the Executive Engineer (EE), Barrage Construction Division-I, Kanpur (August 2002) revealed that a provision of Rs. 8.96 crore was made (1996-97) under Ganga Barrage Project for construction of Right Guide Bund of the Barrage. Chief Engineer (Ram Ganga) accorded (July 1996) technical sanction of Rs. 8.96 crore on the basis of a tentative drawing approved by the Superintending Engineer (SE). Three agreements at the tendered cost of Rs. 1.33 crore, 1.41 crore and 4.27 crore respectively were executed (October 1996) by the SE with a contractor* with the stipulation to complete the work in 18 months.

Clause 46.01 of special terms and conditions of the contract provided that in case of variation of quantities of work due to change in drawings or designs or any other reason, a cost comparative statement shall be prepared for finally executed quantities based on the rate of various tenders received. Final payment of the contractor shall not exceed the amount of first lowest thus calculated in the comparative statement.

Before start of work, the department did not make assessment of the actual quantity of work proposed to be executed as the drawings and designs were not finalized at the time of execution of Contracts. As a result, quantities in two items (cement concrete in Block making and supplying and placing wire crates) increased by 600 *per cent* to 1600 *per cent* of the original proposed tentative work. Due to abnormal variations in quantities of work, the present contractor could not remain lowest and his position changed from the first lowest to the second/third lowest but the provisions of clause 46.01 of the contract agreement were not invoked which resulted in excess payment of Rs. 62.54 lakh to the contractor.

* F.C.C. Pvt. Limited

The EE stated that the case for recovery of excess payment to contractor was initiated (October 1998) but the contractor went in arbitration (December 1998) for relaxing the provisions of clause 46.01 and the arbitrator gave award in his favour. The reply was not acceptable because work was commenced without assessment of the actual quantity of work, and final approval of detailed drawings and designs which were changed thrice (January 1997, February 1998 and June 1998) during course of construction. As a result the arbitrator gave his ruling in favour of contractor.

Thus, commencement of work and execution of contracts before the approval of the final drawings and proper assessment of the actual quantity of works resulted in an avoidable and excess payment to the contractor to the tune of Rs.62.54 lakh.

The matter was referred to the Government (August 2003); reply had not been received (March 2004).

4.5 Idle investment/idle establishment/blockage of funds

WOMEN WELFARE DEPARTMENT

4.5.1 Unfruitful expenditure on idle staff

Inaction of Government to shift the staff after closure of Shishu Sadans resulted in unfruitful expenditure of Rs. 63.83 lakh on idle staff.

To provide shelter to orphan children born illegitimately and thrown or discarded by their mothers; and with a view to reform criminal minded adolescent & discarded adolescent-Shishu Sadan, Sampreskshan Grih and Kishore Grih (Homes) were run under the control of Department of Mahila Kalyan, Uttar Pradesh.

Test-Check (April 2002) of records of Director, Mahila Kalyan UP, Lucknow and further information collected (June-November 2003) revealed that three homes at Mirzapur, Bijnore and Ghaziabad were closed between January-June 1999. To utilize services of staff gainfully, the department did not take action to transfer the staff to other homes/Offices in need but continued to allow the staff to draw their salaries without any work and incurred expenditure including rent* on hired buildings. The details were as under:-

On being pointed out (November 2003), the department intimated that the matter was brought to the notice of Government. However, orders of the Government were awaited (November 2003).

Sl. No.	Name of the Home	Inmates Capacity	Status	Expenditure incurred (Rupees in lakh)
1.	Balika Niketan, Mirzapur	50	Closed on 02.06.1999	31.03
2.	Kishore Grih, Bijnor	62	Closed on 31.03.1999	22.38
3.	Samprekshan Grih, Ghaziabad	30	Closed on 01.01.1999	10.42
Total				63.83

* Mirzapur; Rs. 0.46 lakh and Bijnor; Rs. 0.34 lakh

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Thus, lack of seriousness on the part of Government had resulted in unfruitful expenditure of Rs. 63.83 lakh (including rent on hired buildings : Rs. 0.80 lakh) on idle staff.

The matter was referred to Government (August 2003); reply has not been received (March 2004).

HOME DEPARTMENT

4.5.2 Idle investment : Non-fulfillment of objectives

Computers costing Rs. 75.08 lakh were lying idle due to failure in placing timely demand of funds for purchase of the software and furniture.

With a view to create a data base a “Integrated Crime Justice Information System” i.e., to monitor schemes and programmes of the prosecution Department, the Government sanctioned (February 1999) Rs. 86.32 lakh for purchase of computers and peripherals at 82 offices (including 9 offices of Uttaranchal). The department purchased 83 computers at a cost of Rs. 84.21 lakh[▼] through Uttar Pradesh Development System Corporation (UPDESCO) in March 2000 and refunded (August 2001) the balance amount of Rs. 2.11 lakh.

Test-check (April 2002) of records of the Director General, Prosecution, Uttar Pradesh, Lucknow (DGP) and further information collected (April 2003) revealed that the 74 computers purchased at a cost of Rs. 75.08 lakh (excluding 9 computers for Rs. 9.13 lakh of Uttaranchal) could not be utilised as the envisaged monitoring of the schemes and programmes were not possible for want of ‘Fox-Pro’ software and other accessories viz. wooden cabins and furniture etc. for proper operation/running of the computers.

The department replied (June 2003) that a demand of Rs. 33.65 lakh (Rs. 15.98 lakh for wooden cabin and furniture and Rs. 17.67 lakh for software) was placed (October 2000) with the Government. The reply is not acceptable as the department should have prepared the project proposals in full shape and placed the demands for the purchase of furniture and software also along with the proposal for purchase of computers. This lapse has made the computers purchased worth Rs. 75.08 lakh un-operational.

Failure of the department in not placing the demand of funds for purchase of the software and furniture and non-sanction of funds in time by the Government resulted in the computers costing Rs. 75.08 lakh lying idle. The objectives for which the computers were purchased could not also be achieved.

The matter was referred to Government (September 2002); reply had not been received (March 2004).

[▼] A.C. & Stabilizer : Rs. 22.51 lakh, Computers : Rs. 36.52 lakh, Printers : Rs. 10.98 lakh, UPS Online : Rs. 12.31 lakh, UPS Offline : Rs. 1.21 lakh and Miscellaneous : Rs. 0.68 lakh.

PUBLIC WORKS DEPARTMENT

4.5.3 Idle investment due to unplanned execution of work

The expenditure amounting to Rs. 3.15 crore incurred on construction of two parallel bridges over river Devarania and amount of land compensation paid to SLAO were rendered idle and unfruitful due to non-availability of required land for construction of approach road and mini by-pass road.

Financial Rules (FR) provide that no work should commence on land, which has not been duly made over by the responsible civil officer. Besides, IRC specifications stipulate that construction phases of approaches are coordinated with the construction of bridge structure so that the bridge and the approaches are completed side by side without the need for one to wait for the other.

Mention of cases where bridges were constructed without simultaneously acquiring land and taking up the construction of approach roads thereby leading to unfruitful expenditure was made in paras 4.12 and 4.9 of the Audit Report (Civil) of the Government of Uttar Pradesh for the years ended 31 March 1998 and 31 March 2000 respectively.

Government sanctioned (August 1999) Rs. 7.25 crore for construction of two parallel bridges on river Devarania (Rs.1.10 crore), approach road and mini by-pass (Rs. 3.04 crore), widening and strengthening of Bareilly-Bageshwar Road and IVRI road (Rs. 1.01 crore) and payment of land compensation (Rs. 2.10 crore). Technical sanction was accorded by the Chief Engineer, North West Zone, PWD, Bareilly in October 1999.

Test-check (December 2002) of the records of the Executive Engineer (EE), Provincial Division, PWD, Bareilly revealed that the construction of two parallel bridges was started in the year 1999-2000 and completed (March 2002) by the UP State Bridge Corporation (UPSBC) at a cost of Rs. 1.05 crore. The construction of the approach road and mini by-pass (length 3.350 Km.) however could not be started as of July 2003 because the land in Km. 0.03 to 0.07, Km. 0.90 to 1.275 and Km. 2.550 to 3.350 could not be acquired as of July 2003 despite the fact that compensation amount of Rs. 2.10 crore was already paid to the Special Land Acquisition Officer (SLAO), Bareilly between October 1999 to March 2000. Scrutiny further revealed that notifications under section 4 and 6, which were essential for land acquisition,[#] were issued after the lapse of more than one year i.e. in February 2001 and February 2002.

The EE stated that the land owners had moved to the court and pending finalization of the court cases, the land could not be acquired.

The contention of the EE was not tenable because the department should not have commenced the bridge work without ensuring the availability of land for approaches and by-pass as required under the provisions of FR because these bridges were lying unused for want of approaches. Besides, the construction of bridges and approaches should have been started simultaneously after proper land acquisition as stipulated in IRC specification.

[#] Under Land Acquisition Act

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Thus, commencement of bridge work in disregard of the provisions of FR and without ensuring the availability of land as well as the failure of the department to synchronize the construction of bridge and approaches as required under IRC specification resulted in unfruitful expenditure of Rs.1.05 crore on bridge work and Rs.2.10 crore paid to the SLAO as the bridge was lying idle since March 2002.

The matter was reported to Government (August 2003); the reply had not been received (March 2004).

IRRIGATION DEPARTMENT

4.5.4 Irregular drawal and retention of Government funds

Irregular drawal and retention of Government money to the tune of Rs. 3.93 crore led to loss of interest of Rs.79.14 lakh thereon.

Financial Rules (FRs) prohibits incurring large expenditure at the close of the financial year with the sole purpose to avoid lapse of the budget. FRs 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 appropriation for other purposes by the competent authority.

Test check of records of the Executive Engineers (EEs) of seven divisions during June 2002, May 2003 and June 2003 revealed that Rs. 3.93 crore was drawn by these divisions between April 1999 and June 2003 for payment to land owners for purchase of 97.277 hectare of land for construction of canals and their distribution system under the Saryu Nahar Project. This was done under the verbal instructions of the Chief Engineer and in some cases without any such order. Although the payments were not actually made to land owners yet these amounts were debited to final heads of account as if spent. The EEs drew self cheques for preparation of 3420 bankers' cheques/Bank Drafts (BD) in the name of land owners. Two thousand nine hundred ninety seven bankers' cheques and 423 bank drafts amounting to Rs. 3.23 crore and Rs.70.44 lakh respectively were then prepared and kept in the Divisions where they were lying un-disbursed. Neither the land could be purchased nor the money deposited back into Treasury as of June 2003. The amount was kept outside Government account for periods ranging from two months to more than four years. The details are as follows:-

Sl. No.	Name of the division	Nos. of bankers cheques/ bank drafts	Amount of bankers cheques/ bank drafts (Rs. in lakh)	Month from which pending	Avoidable loss of interest (Rs.in lakh)	Area of land to be acquired (in hectare)
1.	Saryu Nahar Khand - II Basti	477	29.63	4/99 - 4/02	7.46	8.644
2.	Saryu Nahar Khand-I, Harriya, Basti	704	102.29	3/02	16.37	33.545
3.	Saryu Nahar Khand-4, Basti	768	96.14	4/99 -1/03	23.04	10.966
4.	Saryu Nahar Khand-	352	59.87	1/2000 - 1/03	11.14	15.974

Sl. No.	Name of the division	Nos. of bankers cheques/ bank drafts	Amount of bankers cheques/ bank drafts (Rs. in lakh)	Month from which pending	Avoidable loss of interest (Rs.in lakh)	Area of land to be acquired (in hectare)
	5, Basti					
5.	Saryu Nahar Khand-3 Basti	756	61.37	5/2000 - 3/03	16.42	19.075
6.	Saryu Nahar Khand-3, Gonda	187	22.26	11/02 - 6/03	1.22	9.073
7.	Saryu Nahar Khand-5 Gonda	176	21.80	3/02	3.49	--
	TOTAL	3420	393.36		79.14	97.277

This irregular retention of funds outside Government account also resulted in loss of interest to Government amounting to Rs.79.14 lakh at the prevalent borrowing rates.*

In reply to the audit query, (May 2003), the Divisions intimated that land could not be procured due to non-approval of circle rate by the District Magistrate and also due to changes in the circle rates of land from time to time.

The replies of the Divisions were not tenable because if the funds were not required for immediate disbursement, these should have been surrendered to Government account forthwith.

Thus, the premature withdrawal and irregular retention of Government money by preparing banker's cheques/BDs in the name of land owners for a period ranging from two months to more than four years based on verbal orders of superior authorities constituted not only a serious financial irregularity but also caused Government loss of interest of Rs.79.14 lakh. The works also remained incomplete.

The matter was referred to Government (August 2003); reply had not been received (March 2004).

FOREST DEPARTMENT

4.5.5 Non-achievement of objective due to irregular utilisation of Centrally Sponsored Scheme (CSS) funds

Flouting the objectives of centrally sponsored scheme of fuel and fodder, the Forest divisions incurred expenditure of Rs.1.10 Crore on the plantation of un-specified species.

The National Forest Policy, 1988 stipulated a massive need based and time bound programme of afforestation and tree planting, with particular emphasis on fuel wood and fodder development on all degraded and denuded lands in the country. With the above objective in view, the Centrally sponsored "Area Oriented Fuel and Fodder Project Scheme" (AOFFPS) was implemented in the identified fuel wood deficit districts of the State during IXth Five Year Plan. The

* @ 12 per cent per annum.

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central guideline issued (October 1998) for the scheme *inter-alia* envisaged that stress should be laid on natural regeneration of degraded forest by effectively implementing measures necessary to ensure protection and reduction of biotic pressure from cattle and local population. For this purpose sowing of seeds of trees, shrubs, grasses and leguminous species was to be taken up in order to develop adequate ground cover. Moreover, the species of fodder trees and bushes which were amenable to coppicing and pollarding was to be given preference in the planting programmes.

Further, the Uttar Pradesh Forest Policy, 1998 also envisages that the plantations in the State would be done according to the provisions of Vriksha Ropan Samhita issued by Forest Department in July 1997. As per provisions of Vriksha Ropan Samhita species viz. Acasia, Ariculis-farmis, Casia Shyamia, Babul, Sheesham, Kejuraina and Jungle Jalebi were specified for fuel and Sue Babul, Kala Siras, Babul, Mahua, Sahjan and Prosopis were specified for fodder.

A test check (January and February, 2003) of the records of two Divisional Forest Officers (Jhansi and Mirzapur) revealed that during the year 1997-98 to 2001-02, 1304.50 hectare (Jhansi: 609.50 hectare, Mirzapur: 695 hectare) area was covered by planting 9.24 lakh plants of different species at a cost of Rs. 164.31 lakh. Of 9.24 lakh plants only 3.04 lakh plants of specified species {Jhansi: 1.46 lakh; (32.57 *per cent*), Mirzapur : 1.58 lakh; (33.14 *per cent*)} were planted. Thus, out of total expenditure of Rs. 1.64 crore, only Rs. 53.84 lakh were utilised for the furtherance of the objective of the scheme and the remaining amount of Rs. 1.10 crore was incurred on plantation of un-specified species flouting the directives of the centrally sponsored scheme. Thus, the basic object of the scheme viz. to meet the requirement of fuel and fodder in the fuel wood deficit areas of the state could not be achieved and the purpose of the centrally sponsored scheme was defeated.

Government stated (November/December 2003) that according to para 4.2.4 (A) of the Vriksha Ropan Samhita in the selection of the species suitability of site and local demand was to be kept in mind. Accordingly in the selected areas where the soil was sandy, species of Shisham and Khair and where the land was inundated, species of Arjun and Jamun were planted. Further, the species pointed out in Audit were a few species for fuel and fodder but not the only species for the aforesaid purposes.

The reply is not tenable as the planting of unspecified plants viz. Awanla, Aam, Nim, Sagaun etc. neither comes under grass, shrubs and leguminous species nor were amenable to coppicing and pollarding. As such, the twin objectives of the scheme viz. reduction of biotic pressure from cattle and local population on forest and sustained supply of fodder and fuel woods in identified areas of the state remained unachieved.

4.6 Regulatory issues and other points

HOME (POLICE) DEPARTMENT

4.6.1 Non-recovery of amount of interest

Rs. 50.95 lakh on account of interest from UPDESCO were not recovered and the objective of networking with POLNET was not achieved even after expending Rs. 3.46 crore.

Government accorded sanction (November 1998) for Rs. 4.08 crore for the purchase of computers under the modernization scheme (1997-98). Out of Rs. 4.08 crore, Rs. 3.80 crore was advanced to Uttar Pradesh Development Systems Corporation (UPDESCO) in April 1999 for purchase of computers to be connected under Local Area Networking (LAN) and finally with POLNET (Wide Area Networking). The balance of Rs. 0.28 crore was utilised by the Department for purchase of air conditioners, stabilizers, digital cameras etc.

Test-check (August 2000) of records of Deputy Inspector General of Police, Headquarters, UP, Allahabad and further information collected (between May-November 2003) revealed that an expenditure of Rs.3.46 crore was incurred by the UPDESCO on computer purchases/development of Application Software and the balance amount of Rs.0.34 crore was refunded in August 2003.

As per terms and conditions for sharing of interest accrued on advanced money agreed upon between the Police Department and UPDESCO, interest at the rate of nine *per cent* per annum was to be charged for the amount with UPDESCO. Out of this amount interest for 70 days calculated at the rate of five *per cent* per annum was to be retained by UPDESCO towards service and maintenance charges of computers and the balance interest for 70 days calculated at the rate of four *per cent* per annum was to be paid to the Police Department. After 70 days, the total amount of interest calculated at the rate of nine *per cent* per annum was payable to the Police Department.

Contrary to these provisions, UPDESCO kept with itself interest amounting to Rs. 50.95 lakh payable to the Police Department. The Department however did not take effective steps to obtain the amount lying with UPDESCO.

On being pointed out in audit, the Department stated that steps were under way to obtain the amount from the UPDESCO. The reply is not tenable as no effective steps were taken by the Department.

Thus, due to negligence of the Department, an amount of Rs. 50.95 lakh could not be recovered till date (October 2003) putting Government to loss.

It was further noticed that although computers installed were connected under LAN these could not be connected with POLNET, because POLNET was governed by National Crime Control Bureau, Government of India. Thus the main objective of purchase and installation of computers could not be achieved.

The matter was referred to Government in November 2003; reply had not been received (March 2004).

FINANCE DEPARTMENT

4.6.2 Lack of response to Audit findings

Perennial disregard to audit findings by the State Government allows erring officials to further indulge in financial irregularities.

Principal Accountant General (Audit) (PAG) conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. Following these inspections, Inspection Reports (IRs) are issued to the Heads of offices inspected with a copy to the next higher authorities. Serious irregularities are also brought to the notice of the Head of the Department. The Rules/Orders of Government provide for prompt response by the executive to the IRs issued to ensure corrective action and accountability for the deficiencies, lapses etc., noticed during the inspection. The Heads of offices and next higher authorities are required to rectify the defects and omissions promptly and report their compliance to Audit.

A review of the IRs issued up to March 2002 in respect of Social Welfare, Medical Department and Public Works Department (year-wise position of the outstanding IRs and Paragraphs are detailed in the **Appendix 4.5**) pending as of March 2003 revealed that the Heads of the offices whose records were inspected and the Heads of the Departments failed to discharge their responsibility as they did not send any reply to large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs.

It also indicated inaction against the defaulting officers and thereby facilitating the continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit several years ago (**Appendix 4.6**).

It is recommended that Government should relook into this matter and ensure that procedure exists for;

- action against the officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule,
- action to recover loss/outstanding advances/overpayments in a time bound manner and
- revamping the system of proper response to the audit observations in the Department.

The matter was referred to Government (February 2004) ; reply has not been received (March 2004).

PUBLIC WORKS DEPARTMENT AND URBAN DEVELOPMENT DEPARTMENT

4.6.3 Non-adjustment of advances

Outstanding advances of Rs. 113.12 crore (Rs. 10.06 crore : Public Works Department and Rs. 103.06 crore : Lucknow Development Authority) were lying unadjusted against various officials for long periods which may lead to fraud/embezzlement.

According to Para 172 of Financial Hand Book volume VI and Government orders issued (March 1997) temporary advances/imprest paid by the disbursing officer to any subordinate officer to enable him to make specific payments on passed vouchers should be closed/adjusted as soon as possible. In case Temporary Imprest (TI) is not adjusted within one month, it should be treated as temporary embezzlement and an FIR to this effect should be lodged with the Police apart from initiating disciplinary action against the responsible official and the concerned Executive Engineer for dereliction of duty.

Cases of Public Works Department

Test-check of the records and information collected (April-July 2003) from 10 Divisions of PWD revealed that in these Divisions TI amounting to Rs.10.06 crore opened during the period February 1979 to March 2003 were lying unadjusted as of June 2003 mainly due to non-submission/late submission of the adjustment vouchers and the closure of estimates. Details are as under :

(Rupees in Crore)

Sl. No.	Name of Division	Outstanding Temporary Imprest as on 31.3.03
1.	Provincial Division, Gonda	2.439
2.	Provincial Division, Gyanpur (Bhadohi)	1.771
3.	Provincial Division, Faizabad	1.198
4.	Provincial Division, Allahabad	1.191
5.	Construction Division-I, Raibareilly	1.101
6.	Construction Division-4, Allahabad	0.808
7.	Provincial Division, Mahoba	0.742
8.	Provincial Division, Sant Kabir Nagar	0.217
9.	Provincial Division, Mainpuri	0.405
10.	Construction Division-2, Sidharth Nagar	0.188
	TOTAL	10.06

Further scrutiny of records pertaining to these divisions revealed the following facts:-

- Adjustment vouchers against TI of Rs. 7.569 crore were submitted but adjustment could not be done because estimates of the respective works were closed.
- Adjustment vouchers against TI amounting to Rs. 2.490 crore were not submitted to Divisional Offices.

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- Outstanding TI included the following cases also:-
- Rs. 0.953 crore against 23 employees who had retired or died, the recovery is virtually impossible;
- and Rs. 0.35 crore against eight employees who were transferred to other divisions.

Besides, constituting a serious financial irregularity, the non-adjustment of advances was fraught with the risk of fraud, embezzlement etc. Neither was any FIR lodged nor was disciplinary action initiated against the defaulting officials, although required under rules. This was despite a similar irregularity being pointed out earlier in para 4.11 of the Audit Report (Civil) of Government of Uttar Pradesh for the year ended 31st March 1998.

As regards non-adjustment of TI the Executive Engineers stated that the vouchers were either not submitted or submitted after the estimates were closed. The reply was not tenable because the TI were made available for making payment on the vouchers passed vouchers and non-adjustment was simply due to inaction on the part of the officials/officers of the Divisions.

The matter was reported to Government (July 2003); reply had not been received (March 2004).

Cases of Lucknow Development Authority

Test-check (April 2003) of records and further information collected (January 2004) from Lucknow Development Authority, Lucknow (Authority) revealed that an amount of Rs. 39.49 crore advanced to the different officers by the authority during the period from 1995-99 was pending adjustment. During the period 1999-03 further advances aggregating Rs. 143.18 crore were given and Rs. 79.61 crore recovered resulting in an overall outstanding of Rs. 103.06 crore at the end of March 2003. Non-recovery of advances indicated serious shortcomings in the monitoring mechanism of the Authority. There was also nothing on record to show that Vice-Chairman had taken any administrative action against the erring officials (August 2003).

On being pointed out (April 2003) in audit, Authority stated that action was being taken for adjustment.

The reply is inadequate. Non-adjustment of such heavy amounts for prolonged periods is fraught with risks. The possibility of fraud and embezzlement cannot also be ruled out.

The matter was referred to the Government in September 2003; reply has not been received (March 2004).

IRRIGATION DEPARTMENT

4.6.4 Irregular lining work

Violation of financial rules, improper measurements and lack of proper inspection in the lining work of Sharda Canal led to substandard work, excess payment etc. involving Rs. 1.72 crore.

According to financial rules, payment to a contractor should be limited to the actual measurement of work satisfactorily done by him.

The lining work of Sharda Sahayak Feeder Channel from Km.74.500 to Km. 76.500 was awarded (May 1996) to UP Bridge Corporation Ltd. (Nigam) by the Superintending Engineer, Circle XII, Irrigation Works, Lucknow through a Memorandum of Understanding (MOU) for an amount of Rs. 3.99 crore and Nigam was paid (March 1997) Rs. 99.77 lakh as mobilization advance (Advance) from the funds sanctioned by National Bank for Agricultural and Rural Development (NABARD) for this work. The work was to be completed by 7 June 1998 the last day of the closure period (1997-98) of the Feeder channel. The MOU, *inter-alia*, provided for inspection of the construction work by an authorized person not below the rank of Assistant Engineer for ascertaining its quality in accordance with the drawings and specifications. In case any defect was found or any deviation was noticed, the Nigam had to rectify the same at its own cost within 24 hours of the notice in writing from the client or his authorized representative.

Scrutiny of records (December 2002) of the Executive Engineer, Irrigation Division (Division), Lucknow revealed that the Nigam stopped (June 1997) the work abruptly demanding higher rates which were not accepted by the department. The Nigam submitted a claim for Rs. 1.36 crore for the work done. The department, without proper measurement and check, admitted the full claim and made payment accordingly (March 1998) after deduction on account of substandard work (Rs. 29.74 lakh) and recovery of mobilisation advance (Rs. 34.03 lakh only instead of total amount of advance out of Rs. 99.77 lakh). A committee constituted to examine the quality of work recommended (July 1998) rejection of works of 11 panels on account of deficiency in the quality of works and repair of three panels along with payment of two panels at reduced rates to Nigam. On final measurement (May and September 1999), the actual value of the work done was measured for Rs. 1.09 crore only resulting in excess payment of Rs. 26.95 lakh. The removal of the defects pointed out by the committee and the balance work of 1.761 Kms. was got executed by another agency (The UP Project Tubewell Corporation Ltd.) at a cost of Rs. 4.14 crore during the closure period of 2000-01.

The Division stated that the reason for excess payment was due to difference in measurement. The report in this regard would be sought from the concerned Assistant Engineers (AEs)/Junior Engineers (JEs) and sent to Government for necessary action.

In fact the excess payment was made before proper check of measurement. However, no report regarding the irregular measurement of work and the consequent excess payment of Rs. 26.95 lakh made to Nigam had been obtained from the erring AEs/JEs so far (June 2003) by the Division.

Thus, due to violation of the provisions of financial rules as well as improper check of measurements and lack of inspection as stipulated in MOU, the department failed to recover Rs. 65.74 lakh of advance on which Government was committed to pay interest of Rs. 49.31¹ lakh to NABARD from April 1997

¹ Interest on Rs. 65.74 lakh @ 12% per annum at simple interest for 6-1/4 years (April 1997 to June 2003)
 $\frac{65.74 \times 12 \times 25}{100 \times 4} = 49.31$ lakh

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to June 2003, which will further go up with the passage of time. Further, Rs. 26.95 lakh was paid to Nigam in excess of the requirement though it had executed substandard work valued at Rs. 29.74 lakh.

The matter was reported to Government (July 2003); reply has not received (March 2004).

FOREST DEPARTMENT

4.6.5 Failure to plant replacement trees to protect the environment

The Forest Department failed to ensure plantations of new replacement trees despite availability of Rs. 1.16 crore.

The Uttar Pradesh Protection of Trees in Rural and Urban Areas Act, 1976 (Act) was passed with a view to maintain ecological balance and ensure soil conservation. The Act *inter-alia* prohibited the felling of trees without permission of competent authority i.e. concerned Divisional Forest Officers (DFOs) and the owner of trees, after getting permission, was to ensure plantation of two trees against each felled tree within the next rainy season. In case of non-compliance to this provision, the Forest Department was made responsible for planting the trees after forfeiting the security amount of Rs. 50.00 per tree obtained from owners of trees before granting permission for felling of trees and the expenditure of plantation was to be met from forfeited security.

Test-check of the records of fourteen Forest Divisions* (January 2002-February 2003) revealed that in contravention of the provisions of the Act security deposits of Rs.1.16 crore deposited during the year 1982-2003 (received by these Divisions from the owners of the felled trees in shape of post office deposits hypothecated to the Department) were lying unutilised with the Department due to failure of the forest divisions to plant trees against felled trees.

Further scrutiny revealed that during the aforesaid period, only 42240 (8.35 *per cent*) trees could be planted by the owners in place of 506000 trees as required under the provision of the Act against 253000 trees felled. This resulted in violation of the Act as well as further deterioration of the ecological balance of the area concerned.

On this being pointed out, the divisions replied that plantation of two trees in place of each felled tree will be done after forfeiture of security. The reply was not tenable as the delay in plantation was for five to twenty five years while the replacement of trees was to be done before the end of the subsequent rainy season.

Thus, the failure of department entrusted with the job of maintaining the ecological balance is a matter for concern as this impacted adversely on the environment.

* Divisional Forest Officers (DFO), Bahraich, South Kheri, North Kheri, Gorakhpur, Gonda, Awadh Lucknow, Farrukhabad and Divisional Directors (DD) of Social Forestry Divisions, Bijnore, Budaun, Aligarh, Kushinagar (Padrauna), Hardoi, Moradabad and Mainpuri.

The matter was reported to Government (April 2003); reply had not been received (March 2004).

FOOD AND CIVIL SUPPLIES DEPARTMENT

4.6.6 Loss due to delay in remittance of Bank Drafts

Inordinate delay in remittances of sale proceeds to Cash Credit Account resulted in loss of interest of Rs. 72.26 lakh.

The State Government issued (May 1999) directives regarding remittance of sale proceeds of food grains realised from Fair Price Shop-keepers for credit into Cash Credit Account (CCA) under Public Distribution Scheme (PDS). The directives provided that PDS centers should remit the sale proceeds of food grains to the Regional Accounts Office (RAO) through Bank Drafts on fortnightly basis i.e., amount received in collection account from the 1st to 15th was to be remitted by 16th of the same month and from 16th to last day of the month to be remitted by 1st of the succeeding month.

It was noticed during audit (April 2002 and updated in August 2003) of the Regional Food Controller, Azamgarh that in contravention of the directives of the State government, the Centers delayed (1 to 215 days) in preparation of 2835 bank drafts amounting to Rs. 96.98 crore and sending them to RAO during June 1999 to June 2003. As a result, these bank drafts were deposited into the Government Account belatedly and the department had to incur loss of interest to the tune of Rs. 72.26 lakh which could have, otherwise, been avoided by timely remittances.

Principal Secretary, Food and Civil Supplies Department while accepting audit observation in principle stated (March 2003) that long distances between the Collection Centers at Vikas Khands and District Headquarters where the nationalised banks are mainly situated is the main reason of delay. It was, however, not indicated whether the problem was discussed at Government level to revise/amend the existing Government directives of May 1999. It was further intimated that show cause notices had been issued (July 2002) to 30 officials responsible for the lapses. In spite of lapse of over one year, neither any recovery of interest has been effected nor the responsibility delayed remittances fixed (August 2003). Furthermore, despite issue of show cause notices, the delay in remittances persisted invariably.