Chapter 2

Performance Audit

This chapter contains results of performance audit of Implementation of *Vidhan Mandal Kshetriya Vikas Nidhi*, Urban Health Services, State Road Fund Scheme and e-Governance in the Information and Technology Department.

RURAL DEVELOPMENT DEPARTMENT

2.1 Implementation of *Vidhan Mandal Kshetriya Vikas Nidhi*

Executive summary

With a view to enabling the Legislators to address the locally felt needs of the people of their constituencies, the Government launched (1998-99) *Vidhan Mandal Kshetriya Vikas Nidhi* (*NIDHI*). The amount of annual grant for each Legislator was ₹ 1.25 crore (₹ one crore upto 2006-07). The performance audit of the *NIDHI* covering the period 2005-10 during which ₹ 2,716.99 crore was spent, revealed the following.

- Due to delayed submission of the proposals by the Legislators, huge amount remained unspent in the Personal Ledger Accounts at the close of each financial year. At the close of March 2010, the overall unspent balance amounted to ₹ 385.58 crore. ₹ 11.36 crore were also deposited (2008-10) in Government's revenue accounts.
- There were variations in the accounts maintained by the Commissioner, Rural Development and District Rural Development Agencies as the balances were carried forward either short or excess with net short accounting of ₹ 29.31 crore.
- Sanction to works did not relate to the locally felt needs exclusively. Out of ₹ 815.56 crore, ₹ 669.02 crore (82 *per cent*) were spent on roads and school buildings. In seven constituencies *cent per cent* funds were spent on construction of school buildings.
- Due to delay in recommending the projects by the Legislators and their sanction by District Rural Development Agencies and execution by implementing agencies, a substantial numbers of projects spilled over.
- Against the set benchmarks in the guidelines, 334 inadmissible/ irregular and non-durable projects costing ₹ 11.78 crore were sanctioned and executed.
- 575 projects costing ₹ 10.98 crore were lying incomplete due to selection of ineligible implementing agencies.
- 15,346 projects costing ₹ 461.71 crore were completed but not handed over to the local bodies for their upkeep and maintenance.

2.1.1. Introduction

The Government, in 1998-99, launched the *Vidhan Mandal Kshetriya Vikas Nidhi* (*NIDHI*). Its objective was to enable 504 Legislators of the State to address the locally felt needs of the people of their constituencies such as construction of roads, school buildings, etc.[1]

As per the strategy adopted, the Government sanctioned grants at the rate of ₹ 1.25 crore (₹ one crore upto 2006-07) in two installments for each Legislator and placed the amount at the disposal of the Chief Development Officers of the districts to whom the Legislators recommended the works for execution in their constituencies.

2.1.2. Organisational set-up

The Principal Secretary, Rural Development Department, assisted by the Commissioner, Rural Development was responsible for implementation of the *NIDHI*. At the district level, while the Chief Development Officers (CDOs) were overall in-charge of the *NIDHI*, the Project Directors, District Rural Development Agencies (DRDAs) were responsible for receipt and release of funds and maintenance of their accounts. Panchayati Raj Institutions, Rural Engineering Services, Public Works Department, etc., were the implementing agencies.

2.1.3. Audit objectives

The main audit objectives were to examine whether:

- financial management resulted in economic, efficient and effective utilisation of resources;
- works were planned, sanctioned and executed after requisite approvals to meet the locally felt needs; and
- internal controls and monitoring was effective.

2.1.4. Scope of audit and methodology

Audit examined the records relating to the implementation of the *NIDHI* for period 2005-10 in the office of the Commissioner, Rural Development at Lucknow and 18 DRDAs[2] out of 71, selected on the basis of statistical sampling using Probability Proportionate to Size With Replacement method.

An entry conference was held in May 2010 with the Principal Secretary, Rural Development Department. In the conference, the Audit Objectives, Criteria and Scope of Audit were discussed.

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[1] Minor bridges, drinking water facilities, drains, public latrines, public library, cultural and sports activities, purchase of furniture, books and computers for school and colleges, etc.

[2] Agra, Allahabad, Bareilly, Bulandshahar, Chandauli, Etah, Gorakhpur, Jhansi, Lucknow, Mathura, Mau, Meerut, Muzaffarnagar, Saharanpur, Sonebhadra, Srawasti, Unnao and Varanasi

An exit conference was held in October 2010 with the Secretary, Rural Development Department. In the conference, the results of performance audit were discussed and the recommendations of Audit were accepted.

Audit findings

2.1.5. Fund management

The Government sanctioned grants each year for each Legislator for transfer to PLAs[3] in the Public Account. Transfers to PLAs were booked as capital expenditure in the books of accounts maintained by the Principal Accountant General (Accounts and Entitlement), Allahabad.

2.1.5.1 Resource allocation and utilisation

Based on the information made available by the Commissioner, Rural Development, the year-wise allotment of funds and expenditure there against is brought out in **Table 1**.

Table 1: Year-wise allotment and expenditure

(₹ in crore)

Year	Opening Balance	Allotments made and credited to PLAs	Total fund available	Expenditure incurred / (Percentage to total funds available)	Closing Balance	Difference in opening and closing balances
2005-06	235.13	504.00	739.13	526.81 (71)	212.32	
2006-07	215.26	504.00	719.26	521.92 (73)	197.34	(+)2.94
2007-08	196.72	628.75	825.47	470.42 (57)	355.05	(-)0.62
2008-09	345.36	630.00	975.36	624.41 (64)	350.95	(-)9.69
2009-10	329.01	630.00	959.01	573.43 (60)	385.58	(-)21.94
Total		**2896.75**		**2716.99**		**(-) 29.31**

(Source: Commissioner, Rural Development, Lucknow)

Out of ₹ 2,896.75 crore credited to PLAs, ₹ 2,716.99 crore were spent on the *NIDHI* and ₹ 385.58 crore were lying unspent in PLAs at the close of March 2010. Audit scrutiny revealed as under:

2.1.5.2 Slow progress of expenditure and huge unspent balances

Unjustified increase in the annual allotment to Legislators

The progress of expenditure was very slow due to delayed submission of proposals by the Legislators for execution of works despite Government's instructions (October 2000) to the CDOs to approach the Legislators for early submission of proposals. As a result, the projects could not be identified leading to accumulation of huge unspent balance of ₹ 385.58 crore at the close of 2009-10.

Moreover, in 12 out of 18 test checked districts ₹ 11.36 crore were deposited in the revenue accounts of the Government during 2008-10 ***(Appendix-2.1.1)*** under the orders (August 2008 and June 2009) of the Finance Department.

[3] Personal Ledger Accounts: are banking accounts opened and maintained in the treasury.

The amount represented unspent balance of ₹ 5.99 crore in respect of incomplete works and ₹ 5.37 crore for which no works were proposed by the Legislators.

In view of the slow progress of expenditure during the entire review period, increase of ₹ 25 lakh in the annual allotment to each Legislator from 2007-08 proved unjustified.

2.1.5.3 Variations in the accounts

Variations in the opening and closing balances

PLA records of the Commissioner Rural Development, revealed that balances were carried forward either short or excess. While at the end of 2005-06, ₹ 2.94 crore were carried forward in excess, during 2006-09 ₹ 32.25 crore were carried forward short leading to a net short accountal of ₹ 29.31 crore. During test check of records of eight out of 18 districts, it was revealed that amounts were carried forward short/ excess due to incorrect reporting of balances by the DRDAs as mentioned below:

- Due to incorrect reporting by the DRDAs of five districts[4], ₹ 1.53 crore were accounted for in excess and ₹ 3.22 crore short in the accounts maintained by the Commissioner, Rural Development. In three other districts[5], deposit of ₹ 3.69 crore in the Government account was not accounted as the concerned DRDAs did not indicate the amount due to absence of relevant column in the format prescribed for reporting financial progress.
- In Agra district, ₹ 63.49 lakh were transferred[6] to other districts However, the Commissioner, Rural Development accounted for ₹ 69.49 lakh. Similarly, in Mathura district, DRDA received ₹ 45.21 lakh from other districts which the Commissioner, Rural Development did not account for in his books. Likewise, in district Sonebhadra, DRDA received ₹ 1.18 crore from other districts and released ₹ 2.13 crore to them. The Commissioner, Rural Development did not account for these amounts.

Incorrect reporting and variations in the accounts during the review period indicated lax internal control and weak management.

The Secretary, during discussions (October 2010), stated that the accounts would be reconciled. The reply is not satisfactory as the Commissioner Rural Development who as the nodal agency was responsible for compilation of financial progress correctly and accurately, did not reconcile the accounts during the entire review period.

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4 Agra: Short- ₹ 40 lakh (2006-07) and excess ₹ 92 lakh (2007-08), Etah: short ₹ 2.42 crore (2009-10); Jhansi: excess ₹ 0.28 crore (2008-09); Meerut: short- ₹ 40 lakh (2006-07) Sonebhadra: excess- ₹ 33 lakh (2008-09).

5 Allahabad; ₹ 222.23 lakh during 2008-09; Bulandshahar: ₹ 139.23 lakh during 2007-08 and Meerut: ₹ 7.98 lakh during 2008-09.

6 NIDHI's guidelines provided that if an area of a constituency falls under more than one district, a portion of the funds may be transferred to the DRDAs on the recommendation of the concerned Legislator.

2.1.5.4 Other irregularities

- ***Interest not deposited into the Government Account***

As per the guidelines, interest received on the amounts deposited in banks by the implementing agencies was to be returned to DRDAs for deposit in the Government Account. However, two DRDAs[7] did not deposit ₹ 30.69 lakh and retained it. The Government during discussions assured (October 2010) that the amount of interest earned will be deposited into the treasury.

- ***Levy of service charge***

The scheme guidelines prohibited payment of administrative/ centage charges to the implementing agencies for services rendered by them.

However, five test-checked DRDAs paid service charge of ₹ 2.78 lakh[8] to the UP Electronics Corporation, Lucknow on purchase (cost ₹ 42.56 lakh) of 38 Laptops, etc. The Secretary of the department, during discussions (October 2010), assured that service charge paid will be recovered.

2.1.6. Planning

Planning entails a clear definition of priorities by observing economy, efficiency, effectiveness and accountability in delivery of improved quality of services.

Audit observed that the scheme does not specify the mechanism to be adopted to ensure participation of various constituents like active forums of residents, local bodies, NGOs, etc., under Legislators' constituencies in identifying and recommending projects responsive to locally felt needs for balanced development.

2.1.6.1 Delayed submission of proposals by the Legislators

Legislators in 18 test checked districts proposed 46,906 projects for execution during 2005-10. In nine districts, where 20,688 projects were proposed, 9,545 proposals (46 *per cent, cost:* ₹ 220.25 crore) were submitted in the second and third quarter, 2,680 (13 *per cent,* cost: ₹ 49.29 crore) in the last quarter and 346 (cost: ₹ 7.66 crore) after lapse of the financial year ***(Appendix-2.1.2).*** In the remaining districts, the date of submission of 26,218 projects by Legislators was not available. The Secretary, during discussions (October 2010), stated that orders were already issued to speed-up execution of the projects.

Delayed submission of proposals by the Legislators delayed the execution of the projects.

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7 DRDA, Saharanpur: ₹ 0.06 lakh and DRDA, Varanasi: ₹ 30.63 lakh

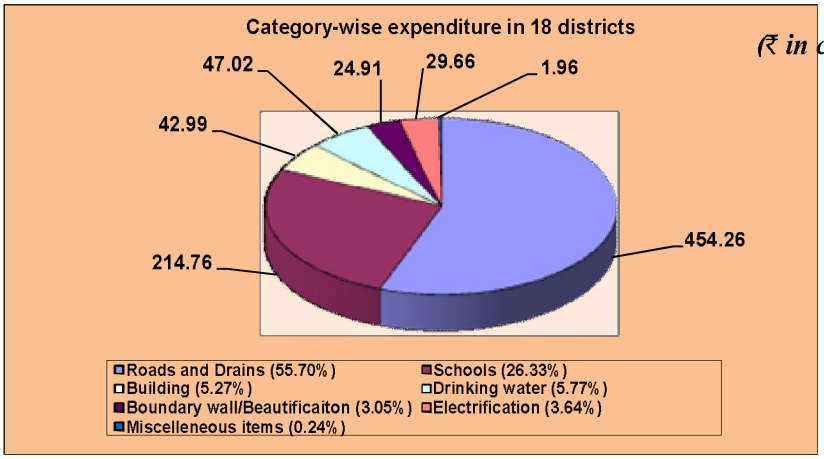
8 Bareilly (₹ 0.46 lakh), Gorakhpur (₹ 0.89 lakh), Meerut (₹ 0.36 lakh), Saharanpur (₹ 0.50 lakh) and Varanasi (₹ 0.57 lakh)

2.1.6.2 Sanction of works without any mechanism to assess the local need

82 per cent funds were sanctioned for roads and schools ignoring health, drinking water and sanitation

NIDHI's primary objective was to execute projects of locally felt needs and for balanced development. Emphasizing the creation of durable assets, the guidelines provided a list of 27 categories of works to be executed.

Data collected from the 18 districts test-checked and tabulated in seven major categories is detailed in the chart below:



The chart reveals that 82.03 *per cent* of funds were sanctioned for roads and schools only either negating or giving little emphasis to sectors like health, drinking water, sanitation, etc.

In 48 constituencies ***(Appendix-2.1.3)*** of 11 districts[9], funds ranging between 40 *per cent* and 70 *per cent* of annual allocations and in 25 constituencies ***(Appendix-2.1.4)*** of eight districts[10], funds ranging between 71 *per cent* and 100 *per cent* were spent on construction of school buildings. This included seven constituencies of four districts[11] where *cent per cent* allotted funds were spent on this item of work only. Sanction to works not related to locally felt needs exclusively defeated the primary objective of the scheme.

Further, in ten districts, ₹ 27.19 crore were given to 51 private/ aided institutions each receiving an amount ranging between ₹ 30 lakh to ₹ 2.36 crore as given in **Table 2**.

[9] Agra; Allahabad; Bareilly; Bulandshahar; Etah; Gorakhpur; Mathura; Mau; Meerut; Unnao and Varanasi
[10] Agra; Allahabad; Bareilly Etah, Gorakhpur; Mathura; Mau and Unnao
[11] Agra; Allahabad; Etah and Unnao

Table 2: District wise number of institutions receiving the amount

Sl. No.	District	No. of Educational Institution	No. of Works Sanctioned	Amount Sanctioned (` in crore)
1	Agra	09	38	3.70
2	Bulndshahar	02	09	0.88
3	Etah	07	31	3.00
4	Gorakhpur	11	75	6.22
5	Jhansi	03	25	2.04
6	Lucknow	06	55	5.50
7	Mau	04	21	1.76
8	Sonebhadra	03	19	1.36
9	Unnao	04	14	2.03
10	Varanasi	02	7	0.70
	Total	**51**	**294**	**27.19**

(***Source: Data extracted from records of DRDAs***)

The Secretary, during discussions (October 2010), stated that the works were executed as per Legislators' recommendations and the proposal for prescribing a financial limit, similar to MPLADS[12], was under consideration. The fact remains that sectors like health, drinking water, sanitation, etc., were given little emphasis.

2.1.6.3 Delay in sanction of projects

Lack of coordination between DRDAs and IAs together with shortage of technical staff impacted timely sanctioning of projects

The projects proposed by the Legislators were to be sanctioned by the DRDAs within 45 days, if otherwise acceptable, after examination of the estimates and physical survey of the proposed site.

Scrutiny revealed that delayed submission of detailed estimates by the implementing agencies to the DRDAs, despite Government's instructions (October 2000) under which the CDOs were to convene monthly meetings with them, eventually led to the delayed sanctioning of the projects. In nine out of 18 test checked districts, 3,387 works (cost: ₹ 84.84 crore) were sanctioned with delays ranging between one to 90 days and 1,142 works (cost: ₹ 32.29 crore) with delays above 90 days (***Appendix-2.1.5).***

The Project Director, DRDA, Bareilly stated (June 2010) that one Assistant Engineer and two Junior Engineers were unable to cope up with the increased work load of examining estimates and carrying out survey of proposed site.

Thus, lack of coordination between the DRDAs and the implementing agencies together with shortage of technical staff impacted upon timely sanctioning of the projects.

[12] Member of Parliament Local Area Development Scheme is a scheme for MPs under which a society could receive a maximum of ₹ 25 lakh

2.1.6.4 Non-formation of committees of technical departments

Committees of technical departments were not formed

The scheme guidelines provided for formation of a committee of technical departments at district level. Its function was to examine the estimates of the works and carry out site verification.

Audit observed that no such committee was constituted (2005-10) in any of the test checked districts except at Saharanpur where the committee, though formed, did not examine the estimates and carry out site verification during 2005-10.

The Secretary, during discussions (October 2010), stated that necessary instructions to constitute the committees would be issued. The fact remained that the implementation of the scheme was not effective in view of proper identification and execution of the projects.

2.1.7 Execution of projects

The overall status of the works taken up under the scheme during 2005-10 is given in **Table 3.**

Table 3: Overall physical progress

Year	Works sanctioned during the year	Works completed during the year	Works in progress during the year	Works not started during the year
2005-06	43,211	26,475	12,426	4,310
2006-07	43,836	25,670	15,166	3,000
2007-08	37,430	20,245	13,065	4,120
2008-09	31,861	15,758	13,408	2,695
2009-10	22,742	11,051	9,911	1,780
Total	**1,79,080**	**99,199**		

(Source: Commissioner, Rural Development, Lucknow)

The number of works sanctioned and completed during the period 2005-10 progressively decreased. The number of works in progress at the end of year ranged between 9,911 and 15,166 during 2005-10 which as per the scheme guidelines should not have spilled over.

In test checked districts 60.92 *per cent* of projects were completed in the year of their sanctions, 22.65 *per cent* were completed in the second year and 14.43 *per cent* works spilled over beyond two years. 14.43 *per cent* projects were lying incomplete or were in progress due to various reasons such as freezing of funds (by the Government) due to their non-utilisation and wrong selection of implementing agencies (by the DRDAs). **Table 4** brings out the year-wise position of physical progress of the projects sanctioned and completed during 2005-10 in 18 test-checked districts:

Table 4: Physical progress of the projects in test checked districts

Year	Number of works sanctioned	Number of works completed in the same year	Number of works completed in the next year	Number of works spilled over beyond two years
2005-06	10,784	6,902	2,762	1,120
2006-07	11,435	7,354	2,542	1,539
2007-08	10,344	6,322	2,202	1,820
2008-09	8,707	5,390	1,842	1,475
2009-10	5,636	2,606	–	–
Total *(per cent)*	**46,906**	**28,574 (60.92)**	**9,348 (22.65)**	**5,954 (14.43)**

(Source: DRDAs)

Scrutiny further revealed that in nine out of 18 test checked DRDAs 1,115 projects were sanctioned (1998-2008) and the first installment of ₹ 17.97 crore released to the implementing agencies. As the amount was not utilized due to slow progress of works, the concerned DRDAs did not release their second installment of ₹ 5.99 crore which remained unspent in the PLAs. Meanwhile, the Government ordered (August 2008 and June 2009) transfer of the unspent balance of the PLAs to the Consolidated Fund. The concerned DRDAs accordingly transferred the amount and the works remained incomplete for two to 12 years after incurring an expenditure of ₹ 17.97 crore[13].

The Secretary, during discussions (October 2010), assured completion of these projects, after due examination.

2.1.7.1 Execution of inadmissible, irregular and non durable works

Inadmissible, irregular and non-durable works were executed at a cost of ₹ 5.20 crore

As per the scheme guidelines, decision-making power for administrative sanctions to all works is vested with the CDOs. A list of admissible and inadmissible works has also been annexed with the guidelines for the reference. In contravention to this, inadmissible, irregular and non-durable projects were executed as discussed below:

Inadmissible works

Expenditure on projects of revenue nature is not permissible under the scheme. The guidelines also prohibit construction of residential/ non-residential buildings of the Central/ State Government and memorials, etc.

Records of the districts test-checked revealed that 159 works (cost: ₹ 5.20 crore) were sanctioned (2005-10), which were not admissible under the guidelines as summarised[14] in **Table 5**.

[13] Test checked districts-wise details are given in ***Appendix-2.1.1***
[14] District-wise details are given in ***Appendix 2.1.6***

Table 5: Details of Works not admissible under *NIDHI*

Nature of works prohibited under MLALADS	Type of works undertaken by DRDAs on the recommendation of MLAs	Details of execution of prohibited works		
		No. of districts	No. of works	Cost of works (₹ *in crore*)
Works for office and residential buildings of Central/State Government	Construction of buildings for Government offices, their renovations, constructions of libraries and tin shed.	15	61	2.11
Works for office and residential buildings for cooperative, private organization and any work for commercial body	Construction of libraries, residential and non-residential buildings, purchase of computers for Internet cafe and other works belonging to clubs, cooperative societies, private institutions/ organizations.	8	16	0.61
Works for religious purposes and works within the premises of religious body	Construction works within the premises of temples, ashram, mazar, etc.	7	16	0.46
Works of renovation, repair and maintenance	Various renovation and repair and maintenance works for bridges/pullias etc.	3	8	0.28
Purchase of prohibited movable items	Purchase of ambulance in excess of the provisions for a district.	3	5	0.31
Miscellaneous works inadmissible under the scheme	Inadmissible works such as creation of sheds of statues, room in a park, beautification and maintenance of *talab,* construction of boundary walls of statues and creation of non-durable asset.	7	53	1.43
Total			**159**	**5.20**

(Source: DRDAs)

Irregular works

The Government instructions (April 2005) prohibited execution of *Kachcha* works except in those *Pucca* works in which its cost did not exceed 25 *per cent* of the total cost of the work. In Mau district, 17 projects (cost: ₹ 3.52 crore) for rectifying the internal section of 33.01 km long Small Saryu Drain were executed (2007-10) involving only *Kachcha* work[15]. Likewise, in district Etah, 17 *kuchcha* roads (length 30.20 km) were executed (2005-07, cost: ₹ 36.87 lakh). In the same district, de-silting of drains (*Nooh* 0-12.80 km., Philkhatra 0-22 km. and Sitapur Razwaha 0-13 km in 2008-10, cost ₹ 28.60 lakh) were also executed involving only earth work.

Sanction of works to societies without having land ownership

Ownership of the land belonging to a registered society for construction of a school building is a pre-requisite. However, scrutiny revealed that ₹1.28 crore

[15]

Year	Number of Projects	Length	Amount (₹ in crore)
2007-08	5	2 km each	1.03
2008-09	5	2 km each	1.13
	1	1.01km each	0.12
2009-10	6	2 km each	1.24
Total	**17**		**3.52**

were sanctioned during 2003-10 to seven[16] societies in Etah and Jhansi districts, which did not own any land for construction of school buildings.

Irregular sanction of repair works

The guidelines prescribed a maximum of 20 *per cent* of annual allotment to be spent on road repairing projects such as ditch filling. However, scrutiny revealed that road repairing projects were sanctioned over this limit in district Varanasi as detailed in **Table 6**:

Table 6: Irregular sanction to repair works

(₹ in lakh)

Year	Total number of works and amount sanctioned		Amount sanctioned for repairs		Amount sanctioned in excess of 20 *per cent* limit
	Number of works	Amount	Number of works	Amount	
2005-10	**194**	**550.66**	**131**	**214.93**	**111.62**

(DRDA, Varanasi)

Execution of inadmissible, irregular, non-durable, etc., projects was against the benchmark set in the guidelines.

The Secretary, during discussions (October 2010), assured to take necessary action after examining them.

2.1.7.2 Projects lying incomplete due to wrong selection of implementing agencies

As per the guidelines and subsequent Government instructions (July 2001), the overall responsibility for the selection of the implementing agencies rested with the CDOs who could select an agency after consultation with the Technical Committee. As the committees were not formed, the CDOs were devoid of technical advice leading to wrong selection of implementing agencies, indicating failure of the evolved system.

Scrutiny of records in eight districts test-checked revealed that 1,158 projects (cost: ₹ 35.33 crore) were awarded (2007-10) to six agencies[17] for execution and ₹ 28.77 crore was released to them. Out of 1,158 projects, 560 works were completed (₹ 15.99 crore)[18] and 575 were lying incomplete after

[16]

Year	District	Name of School	Amount sanctioned
2003-10	Jhansi	Dr. B RAmbedkar Junior High School, Poonawalikala	₹ 97.54 lakh
2009-10		Dr. R P Richaria Degree, Barua Sagar	₹.50 lakh
2005-09	Etah	RS Public School, Rupa Devi Primary School, Jai Ram Singh Shiksha Sansthan, SSD Junior High School, Indira Memorial Higher Secondary School.	₹ 27.45 lakh
Total			**₹ 128.49. lakh**

[17] Uttar Pradesh Sahkari Nirman Evam Vikas Limited;
Uttar Pradesh Abhiyantran Shram Sahkari Sangh Limited;
Uttar Pradesh Sahkari Nirman Evam Vikas Sangh Limited;
Bhartiya Cooperative Grammen Vikas Evam Nirman Limited, Lucknow;
Uttar Pradesh Sahkari Nirman Evam Sangh Limited; and
Uttar Pradesh Shram Evam Nirman Sahkari Sangh Limited

[18] Worked out in audit

incurring an expenditure of ₹ 10.98 crore. The remaining 23 works (₹ 0.68 crore) were not taken up as the Government (September 2009) issued instructions to stop the projects on the ground that the implementing agencies selected were not qualified for the work ***(Appendix-2.1.7)***. No action was taken against the responsible officials for engaging ineligible implementing agenies.

Thus, due to wrong selection of implementing agencies, ₹ 10.98 crore were blocked in the incomplete projects. Besides, the people were also deprived of the intended benefits.



Incomplete Partikshalaya at Baba Kuti, Srawasti

The Secretary, during discussions (October 2010), stated that instructions have been issued to the CDOs to get the projects completed by the eligible implementing agencies.

2.1.7.3 Construction of *barat ghar, rain basera,* etc.

Barat ghars, rain baseras were constructed without model drawings

To improve qualitative and quantitative progress of projects, the Government directed (July 2001), *inter alia*, that a model drawing should be framed and followed for projects like *barat ghars*, *rain baseras*, etc. Test-check revealed that in 10 districts[19], the model drawings for such structures were not prepared. Nevertheless, 359 *barat ghars, rain baseras* and *yatri* sheds were constructed during 2005-10 at a cost of ₹ 9.90 crore. As a result, drawings and cost of each category of projects varied to the extent of ₹ 0.50 lakh and ₹ 24.97 lakh in respect of *barat ghars*, ₹ 0.63 lakh and ₹ 9.89 lakh in respect of *rain baseras* and ₹ 0.35 lakh and ₹ 5.15 lakh in respect of *yatri sheds* during 2005-10. Year wise/ district wise details are given in ***Appendix-2.1.8***.

The Secretary, during discussions (October 2010), assured that projects would be executed as per the standard models. Reply was not tenable as Government instructions were not followed and remained ineffective altogether.

[19] Agra, Bulandshahar, Etah, Gorakhpur, Meerut, Muzzafnagar, Sonebhadra, Srawasti, Unnao and Varanasi

2.1.8. Internal control and monitoring

Scrutiny of the records of 18 districts test-checked revealed that there were deficiencies in the monitoring and internal control as detailed below:

- ***Non-maintenance of registers of works***

For improving the quality of monitoring of the projects, the Government issued (October 2000) orders, *inter alia*, for maintaining a register allotting separate pages for each Legislator, exhibiting name of projects, date of proposal, date of sanction, estimated cost of projects, probable date of completion, date of release of first instalment, date of start of works and dates of inspections.

Scrutiny of the records of 18 districts test-checked, however, revealed that except in Saharanpur, Sonebhadra and Srawasti, no other districts maintained the prescribed register. In absence of this register, execution of projects could not be monitored.

The Secretary, during discussions (October 2010), assured that the prescribed register would be maintained.

- ***Inspection of works***

CDO was required to inspect a minimum of 10 *per cent* projects during execution. As records like scheduled programme of the inspection, follow up actions, etc., were not maintained in any of 18 test-checked districts it could not be ascertained in audit whether projects were inspected and what was the result of such inspections and the follow up thereon.

The Secretary, during discussions (October 2010), assured that necessary arrangements would be made for such inspections and their reports would be maintained.

2.1.9. Maintenance of assets

Assets created were not handed over to the local bodies for maintenance

The assets created under the *NIDHI* were to be handed over to the user agencies[20] for maintenance/upkeep.

Scrutiny in 18 test-checked districts, however, revealed that only hand pumps and solar lights were handed over to the local bodies while other assets[21] were not handed over. Compilation of data of 18 districts and its analysis revealed that out of 46,906 projects sanctioned during 2005-10, 15,346 works (cost: ₹ 461.71 crore) were completed but not handed over to the local bodies as detailed in ***Appendix-2.1.9.***

Scrutiny further, revealed that in three districts[22], 795 high mast lights were installed at a cost of ₹ 9.21 crore during 2005-10 ***(Appendix-2.1.10)***. These

[20] Like Urban and Rural Local Bodies

[21] Roads, bridges, barat ghar (excluding district Mathura), boundary walls, community centers, shamshan ghats, toilets, yatri sheds, drains, rain basera, high mast/sodium light, pratikshalaya, retaining wall and submersible etc.

[22] Bareilly, Gorakhpur and Shrawasti

high mast lights were, however, not functional for want of electric connections for the last two to four years as these were also not handed over to local bodies, which was a pre requisite for electric connections and maintenance. These lights were also not in good condition due to lack of proper maintenance, as was noticed in one[23] district during joint inspection by the audit and Junior Engineer of the DRDA.

Thus, people were deprived of the intended benefits of assets created due to their non-handing over to the local bodies. Besides, expenditure of ₹ 9.21 crore on installation of high mast lights was rendered unfruitful.

The Secretary, during discussions (October 2010), stated that action will be taken for early handing over of the assets. He also stated that instructions would be issued to the CDOs for early handing over of these high mast lights to the local bodies to ensure electric connection and maintenance.

The fact remained that funds were infused into the existing system without complying with the systemic arrangements to monitor their effective utilization and maintenance thereafter. As a result, these assets were left uncared for and their maintenance was not ensured to strengthen effective utilisation of the *NIDHI* funds by the concerned CDOs.

2.1.10. Conclusion

There was considerable delay in recommending projects by the Legislators. The delay resulted in slow pace in utilisation of fund leading to accumulation of huge amounts in the Personal Ledger Accounts at the end of the financial year. A mechanism for assessing/ identifying local need based projects was also absent as a result of which the objective of balanced development could not be achieved. A substantial portion of the *NIDHI* was spent on construction of roads and school buildings while the expenditure on other issues such as health, sanitation drinking water, etc., was negligible. Besides, there were cases of inadmissible, irregular and non-durable projects. The funds were released to the educational institutions without any limit and in some cases, substantial funds were given. Besides, the assets were not handed over for their maintenance.

2.1.11. Recommendations

- The Government should ensure that projects are sanctioned timely and executed. Efforts should be made to complete the spill over projects after review.
- The Government should ensure participation of various constituents of residents, local bodies, non-government organizations, etc., for proper identification of projects for execution under the *NIDHI*.
- Prescribing financial limits similar to MPLADS scheme for a project or a school building should be considered.
- Government should ensure handing over of the assets created to the local bodies for their proper maintenance.

[23] Bareilly

MEDICAL AND HEALTH DEPARTMENT

2.2 Urban Health Services

Executive Summary

With a view to providing specialized medical services to the people, the Government decided to upgrade health facilities in urban areas during the Eleventh Plan (2007-12) period. A sum of ₹ 4,312 crore was spent during 2007-10. The performance audit of up-gradation of Urban Health Services revealed the following:

- Provisions for preparation of budget were not followed and the plan of action for procurement of equipment, major construction works and fixtures, etc., was not finalized. This led to savings of ₹ 1,243.63 crore during 2007-10.

- During 2007-08, advanced medical devices like CT scans, C-arm Image Intensifier, reagents, X-ray films, etc., were not purchased. As a result, ₹ 147.27 crore, lying unspent in the Personal Ledger Account, were frozen by the Government and deposited as revenue in the Consolidated Fund.

- There was an overall shortage of 11 *per cent* to 77 *per cent* in various cadres of medical staff. The shortages impacted adversely the department's ability to cater to the medical care needs of the people.

- None of the seven 100 bedded hospitals and two 300 bedded hospitals were completed by the target date due to lack of monitoring by the Director General, Medical and Health Services, Lucknow despite release of almost entire estimated cost by the Government. Likewise, while construction works of three mortuaries was incomplete, the work on remaining three could not be taken up due to land disputes.

- Though the land was not available for construction of children's hospital in Lucknow and for TB-cum-General Hospital at Gorakhpur districts, ₹ 17 crore were transferred to the construction agencies.

- Due to improper planning and ineffective monitoring, the civil works of three trauma centres were incomplete and two completed centres could not be made functional due to non-posting of medical staff. Besides, the controlling officers purchased equipment (cost: ₹ 2.57 crore) which were not immediately required.

- The department incurred extra expenditure of ₹ 3.60 crore on purchase of Anti Rabies Vaccine.

2.2.1 Introduction

The Government runs a network of district hospitals and super speciality hospitals for providing health services to the people living in urban areas.

Recognizing the need to remove the inadequacies in the existing network, the Government decided to upgrade health facilities in urban areas during Eleventh Plan Period (2007-12) for providing specialised medical care.

At the Government level, the Principal Secretary, Medical Health and Family Welfare and at the Department level, the Director General, Medical and Health Services, Lucknow (DGMHS) assisted by Additional Directors at the Divisional level and Chief Medical Officers (CMOs), Chief Medical Superintendents (CMSs) at the District level, are responsible for implementing the Government's decision.

Records relating to upgradation of health services in urban areas, as envisaged in Eleventh Plan, were test checked from March 2010 to September 2010 in the office of DGMHS, Lucknow. The entry conference was held in June 2010 and the exit conference in December 2010 with the Secretary of the Department. In the exit conference, audit findings were discussed and their response incorporated, wherever necessary.

2.2.2 Financial performance

The Government, based on the proposals of DGMHS made provision in the budget and allotted funds for running the health services in the State.

2.2.2.1 Budget provision and expenditure

Year-wise position of budget provision made under the revenue and the capital heads for Urban Health Services and expenditure incurred there against during 2007-10 is given in **Table 1**.

Table 1: Year-wise budget allotment and expenditure under revenue and capital heads

(₹ in crore)

Year	Budget Provision	Expenditure	Savings
	Revenue		
2007-08	1,012.73	866.49	146.24
2008-09	1,351.93	1,016.15	335.78
2009-10	1,752.86	1,287.44	465.42
Total	**4,117.52**	**3,170.08**	**947.44**
	Capital		
2007-08	202.72	185.92	16.80
2008-09	647.04	519.16	127.88
2009-10	588.45	436.94	151.51
Total	**1,438.21**	**1,142.02**	**296.19**
Grand Total	**5,555.73**	**4,312.10**	**1,243.63**

(Source: Directorate of Medical Health)

Due to excess provision of funds and non-finalisation of plan of action, savings of ₹ 1,243.63 crore occurred during 2007-10

Budget Manual[1] provides, *inter alia*, that provision for pay and allowances in the budget should be based on actual men-in-position, irrespective of sanctioned strength. DGMHS was responsible for ensuring this while preparing the budget proposals.

[1] Paragraph 32 of the Uttar Pradesh Budget Manual

Records revealed that provision for pay and allowances was made on the basis of sanctioned strength, instead of on the basis of actual men-in-position. As there was a huge shortfall in medical and para medical staff, *vis-a-vis*, the sanctioned strength, this resulted in savings of ₹ 947.44 crore in revenue section during 2007-10.

Besides, due to non-finalization of plan of action by DGMHS for procurement of equipment and fixtures (₹ 63.76 crore) and for execution of major construction works (₹ 38.37 crore), there were savings of ₹ 296.19 crore in capital section during the same period.

The Secretary stated (December 2010) that the budget provision was made in anticipation of appointments of the medical staff. Reply is not tenable as budget proposals were not prepared in consonance with the provisions of the Budget Manual.

In respect of savings under capital section, the Secretary admitted that financial sanctions were not accorded due to non-finalisation of the plan of action.

2.2.2.2 Non-procurement of equipment

Procurement process entails finalization of specifications of the equipment, inviting tenders and obtaining approval of the competent authority.

CT scans, C-arm Image Intensifier, regents, X-ray films, etc., were not purchased

The Government sanctioned (2007-08) ₹ 147.27 crore for procurement of advanced medical devices like CT scans, C-arm Image Intensifier, regents, X-ray films, etc. Pending completion of the procurement process, DGMHS deposited the amount in the PLA of the Chattrapati Shahuji Maharaj Medical University to facilitate its withdrawals in subsequent financial years. However, before the procurement process could be completed and the amount drawn, the Government froze (August 2008) the unspent balance of ₹ 147.27 crore of the PLA and DGMHS accordingly, transferred (2008-09) the amount to the Consolidated Fund of the State.

Thus, due to non-finalisation of the purchase process and the transfer of unspent balance of ₹ 147.27 crore of PLA to the Consolidated Fund not only inflated the expenditure during 2007-08 but also inflated the receipts of the Department by an equal amount during 2008-09. Besides, various activities of procurement of advanced medical devices under the Eleventh Five Year Plan suffered a set back.

The Secretary, in reply, stated (December 2010) that the specifications of the equipment were finalized and the tenders invited pending approval by the Central Purchase Committee and High Power Purchase Committee. He also stated that the Government, meantime, froze the unspent balances of the PLA. The reply was not tenable as DGMHS did not make demand for funds subsequently, as provided in the Government Order freezing the amount.

2.2.3. Shortage of medical and para-medical staff

There had been an overall shortfall, ranging between 11 *per cent* and 77 *per cent* in the cadres of doctors, nursing and para-medical staff, *vis-a-vis*, sanctioned strength (November 2010), as indicated in **Table: 2.**

Table-2: Men-in-position, *vis-a-vis*, sanctioned strength in the State

Name of the cadre	Sanctioned strength	Men-in-position	Shortage	Shortage (*Per cent*)
Doctors (Male)	11,981	8,045	3,936	33
Doctors (Female)	1786	1,298	488	27
Doctors (Combined)	22	5	17	77
Nursing	5,215	4,648	567	11
Para-medical	9,808	8,341	1,467	15
Total	**28,812**	**22,337**	**6,475**	**23**

(Source: Directorate of Medical Health)

To overcome the shortfall, the Eleventh Plan provided for establishment of a selection board for recruitment of medical officers. The board was, however, not established as of November 2010 as the proposal (February 2009) was not approved by the Uttar Pradesh Public Service Commission. However, no reasons were cited for non-approval.

As a result, the existing network of the district hospitals at divisional level was running with shortages of Uro Surgeons, Plastic Surgeons, Nephrologists and Neuro Surgeons and at the district level with the shortages of Cardiologists, Medical Officers for Skin/ENT, Radiologists, Pathologists, Pediatricians, etc.

Shortage of human resources impacted adversely department's ability to cater to the medical care needs of the urban people.

2.2.4. Programme implementation

The Government identified the priorities for upgradation of health services during the Eleventh Plan period and decided to create urban health care infrastructure which, *inter alia*, included establishing 100 bedded combined hospitals, 100 bedded children hospitals, 300 bedded combined hospitals, etc.

2.2.4.1 Delay in completion of hospitals and mortuaries

Completion of construction works delayed due to lack of monitoring

With a view to providing health care facilities, the Government decided to construct seven 100 bedded combined hospitals in each of the seven newly created districts[2], at an estimated cost of ₹ 91.92 crore and released (2006-11) ₹ 88.55 crore[3] to the construction agencies for their completion between December 2007 and October 2009, subsequently extended to December 2010. However, none of these hospitals were completed by the target date. The

[2] Auraiya,Baghpat Balrampur, Kaushambi, Sant Kabir Nagar, Sant Ravidas Nagar and Shravasti

[3] Two hospitals were sanctioned during Tenth Five Year Plan

works were incomplete to the extent of 15 *per cent* to 65 *per cent* and an expenditure of ₹ 53.25 crore had been incurred on these as of November 2010.

The Eleventh Plan also provided for establishment of five 300 bedded combined hospitals at divisional level. Instead of this, the Government, due to financial constraints, sanctioned (March 2008) upgradation of two existing district hospitals at Faizabad and Mirzapur at an estimated cost of ₹ 45.85 crore and released[4] the entire amount to a construction agency for completion of the work by June 2009 (Faizabad) and July 2009 (Mirzapur). However, 40 *per cent* (Mirzapur) and 44 *per cent* (Faizabad) works were lying incomplete even after expiry of 15 months of the target dates of their completion though entire estimated cost was released by April 2009. A sum of ₹ 38.01 crore[5] had been spent by September 2010 on the incomplete works.

The Government also sanctioned (October 2007) ₹ 1.03 crore[6] for construction of mortuaries in seven districts[7] without specifying any target date of their completion. As of September 2010, mortuary in Mahoba district only was functional while in Sonbhadra, Kaushambi and Shravasti districts, 30 *per cent* to 70 *per cent* works were incomplete. An expenditure of ₹ 19.15 lakh had been incurred on these incomplete mortuaries. The construction work in remaining Auraiya, Kushinagar and Sant Kabir Nagar districts had not been commenced due to land disputes (September 2010).

Thus, due to lack of administrative oversight, completion of works was delayed. Besides, the objective of providing health care facilities, etc., to the people of urban areas, as envisaged in the Eleventh Plan, was not realised.

DGMHS attributed the reasons for the delay in completion of the works to the shortage of engineering staff[8] which eventually led to non-monitoring of the works.

The Secretary, in reply, stated (December 2010) that action was being taken to complete construction works expeditiously. The reply is not acceptable as the works were incomplete due to failure to monitor slow progress of works despite release of 96 *per cent* to 100 *per cent* of the estimated cost to the construction agencies and release of money without specifying even the target date of completion in one case.

2.2.4.2 Non-execution of work on children and TB hospitals

₹ 17 crore remained blocked with the construction agencies

To provide advanced diagnostic/treatment facilities to children, the Eleventh Five Year plan envisaged establishing of seventeen children hospitals in the

4 ₹ 20 crore (March 2008), ₹ 10 crore (April 2008) and ₹ 15.85 crore (April 2009)
5 83 *per cent*
6 At the rate of ₹ 14.73 lakh to each district.
7 Auraiya, Kaushambi, Kushi Nagar, Mahoba, Sant Kabir Nagar, Shravasti, Sonbhadra
8

Name of posts	Sanctioned strength	Men in position
Superintendent Engineer	1	nil
Executive Engineer	1	1 (posted in 9/2009)
Assistant Engineer	15	9
Junior Engineer	61	53

State. However, due to non-availability of doctors, the Government decided (March 2008) to establish only one 100 bedded children hospital at Lucknow at a cost of ₹ 37.86 crore[9] and released (March 2008 and April 2008) ₹ 12 crore to the construction agency for civil work without prescribing any time-frame for its completion and also without identifying the land for construction. The land for the hospital had not been acquired as of December 2010 and ₹ 12 crore remained locked up with the agency in its PLA for over two and a half years.

Likewise, the Government decided (June 2008) to establish a TB-cum-General Hospital at Gorakhpur at a cost of ₹ 14.12 crore and released ₹ five crore to the construction agency for completion by July 2009. The amount was released after identifying the land for the construction but subsequently due to the Gorakhpur Development Authority notifying (October 2008) the land as no-construction zone, the construction work could not be started. A sum of ₹ five crore remained unutilized with the agency in its PLA for over two years.

Thus, due to improper identification of the land for construction of the hospitals at Lucknow and Gorakhpur, the work on these hospitals did not commence. Besides, ₹ 17 crore remained blocked with the construction agencies. The objective of providing advanced diagnostic/treatment facilities to the children and providing indoor medical treatment to TB patients was also not achieved.

The Secretary stated (December 2010) that the land in respect of children hospital in Lucknow had been identified and its acquisition was under process and in respect of TB-cum-General Hospital at Gorakhpur the proposal for acquisition of land was under consideration at his level since September 2009. The fact remained that the Government released the money even without identifying the land for construction of the children hospital in Lucknow district and in respect of land at Gorakhpur, Department had not obtained clearance from the Gorakhpur Development Authority before releasing the money.

2.2.4.3 Procurement of equipment for incomplete Trauma Centres

Despite incomplete civil works of trauma centres, equipment were purchased

The principles of financial discipline and management provide that State should get full value out of the money spent and the controlling officers be guided by this, while taking action involving Government money.

The Government decided (2007-08) to establish five Trauma Centres[10] (estimated cost: ₹ 20.17 crore)[11] involving civil works, installation of equipment and creating a network of vehicles and sanctioned (2007-08) ₹ 3.17 crore for civil works, ₹ 3.95 crore for the equipment and ₹ 6.90 crore for vehicles. The Government released (March 2008) ₹ 3.17 crore to the construction agencies without prescribing any target date for their completion,

[9] Land: ₹ 23.80 crore, civil work: ₹ 14.06 crore
[10] Ghaziabad, Kanpur, Lucknow, Saharanpur and Varanasi
[11] Civil works: ₹ 3.17 crore, equipment: ₹ 10.10 crore and vehicles: ₹ 6.90 crore

₹ 3.95 crore to CMOs/ CMSs of the concerned districts for purchase of equipment and ₹ 6.90 crore to DGMHS for purchase of vehicles.

Records revealed that the civil works in respect of only two Trauma Centres (Lucknow and Saharanpur) were completed (cost: ₹ 1.27 crore) by August 2010. The work on the remaining three centres (Ghaziabad, Kanpur and Varansai) was incomplete (30 *per cent* to 50 *per cent*) due to non-monitoring of the projects by DGMHS and ₹ 1.25 crore had been spent (August 2010) thereon.

Though these buildings had not come up, CMSs/ CMOs of Ghaziabad, Kanpur and Varanasi districts and the CMS of Saharanpur district (where the building works were complete), purchased medical equipment at a cost of ₹ 2.57 crore[12] and the remaining amount of Rs 8.28 crore[13] was surrendered (December 2008). As the civil works of three Trauma Centres were incomplete and medical staff was not posted in the completed centre at Saharanpur, medical equipment was lying idle as of November 2010.

Thus, due to improper planning and ineffective monitoring of the projects by DGMHS, civil works of three centres remained incomplete even after 30 months of the release of funds, the remaining two complete centres could not be made functional due to non-posting of medical staff. Besides, the controlling officers failed in observing the principles of financial discipline and purchased equipment (cost: ₹ 2.57 crore) which was not immediately required.

The Secretary stated (December 2010) that the equipment was purchased to avoid lapse of funds sanctioned (2007-08). Reply was not tenable as purchase of medical equipment was imprudent and premature in violation of the financial rules. Besides, the civil works for three Trauma Centres were incomplete and the medical staff was not posted in the remaining two centres.

2.2.5 Purchase of Anti Rabies Vaccine

The Government's Purchase Policy (April 2004) prohibited DGMHS to purchase medicines under quantity contract for which rate contracts existed.

Failure to follow purchase policy led to extra payment of ₹ 3.60 crore

Records revealed that DGMHS, Lucknow did not follow the purchase policy. The Employees State Insurance (ESI) had a rate contract of ₹ 207.41 paise per vial with Messers Aventis Pharma and Ranbaxy for supply of Anti Rabies Vaccine[14] valid for the period from September 2005 to August 2007. Despite this, DGMHS invited (January 2007) tenders from these firms and placed orders for supply of nine lakh vials at the rate of ₹ 247.38 paise per vial. Non-observance of the purchase policy resulted in avoidable extra payment of ₹ 3.60 crore as detailed in **Table 3.**

[12] ₹ 66 lakh in Ghaziabad, ₹ 57 lakh in Kanpur, ₹ 79 lakh in Varanasi and ₹ 55 lakh in Saharanpur during 2007-08

[13] Equipment: ₹ 1.38 crore and vehicles: ₹ 6.90 crore

[14] Anti Rabies Vaccine is used in treatment of dog bites

Table 3: Extra payment in purchases of vaccine

Year[15]	Name of the firm	No of vials purchased	ESI rate contracts (In ₹)	Rate at which purchased (In ₹)	Excess (In ₹)	Extra payment (₹ in crore)
2007-08	Aventis Pharma	6 lakh	207.41 per vial	247.38 per vial	39.97 per vial	2.40
	Ranbaxy	3 lakh	207.41 per vial	247.38 per vial	39.97 per vial	1.20
Total						**3.60**

(Source : DGMHS)

The Government, in reply, stated (December 2010) that the firms declined to supply vaccine at ESI rate contract as the rates were quoted in 2004. The reply is not tenable as the rate contracts were valid upto August 2007 and the firms were bound to supply the vaccines.

2.2.6 Conclusion

The upgradation projects taken up under Eleventh Plan initiative were either incomplete or not taken up. Money was transferred to the construction agencies notwithstanding the fact that even land for construction was not available and even without prescribing the time-frame for completion of the construction works. The medical equipment was procured even when the civil works were incomplete. The internal control of the department was also weak.

2.2.7 Recommendations

- The Government should focus on completion of the works which were planned in the Eleventh Five Year Plan so that the medical health care facilities in the urban areas are upgraded.
- Vacant posts of the medical and para-medical staff should be filled up early.
- The Government should strengthen the internal controls and monitoring in the department.

[15] Represents the year for which purchased

PUBLIC WORKS DEPARTMENT

2.3 Implementation of State Road Fund scheme

Executive Summary

With a view to keeping all the State roads free of potholes and patches by continuously maintaining and repairing, the Government created (1998) State Road Fund and levied additional sales tax on diesel and petrol forming the receipts of the Fund. The Public Works Department, which is the nodal department, maintained roads falling under its jurisdiction only under the State Road Fund scheme. Performance audit of the State Road Fund scheme, covering the period 2005-10 was conducted to examine the economy, efficiency and effectiveness of activities keeping in view the objectives of the scheme. The major audit findings are as under.

- Objectives of the scheme were not realised fully, mainly due to inadequate planning, poor financial management and lax internal control mechanism.
- Identification of roads for renewal and maintenance was done without adequate data and lacked transparency. Fifty-two *per cent* to 59 *per cent* of roads, due for renewal were not considered for maintenance.
- PWD did not consider maintenance of roads belonging to the other departments/ bodies though the scheme envisaged coverage of all State roads.
- Additional realisation of tax of ₹ 1,003 crore and ₹ 998.41 crore, lying unspent since April 2005 was not utilised on maintenance of roads.
- There were also cases of double sanctions, wrong selection of works and parking of funds in PLA to avoid lapse of budget.

2.3.1. Introduction

The State of Uttar Pradesh has 3.37 lakh km of roads of various categories as of March 2010, out of which 1.63 lakh km[1] were under the jurisdiction of Public Works Department and the remaining under other departments.

With a view to fulfilling the objectives enunciated in the State Road Development Policy, 1998, of according adequate priority to proper repair and maintenance of roads at requisite intervals, the State Road Fund (SRF) scheme was formulated (January 2000). For this purpose, Sales tax on petrol was raised from 14 to 20 *per cent* and on diesel from 16 to 20 *per cent ad valorem* and the additional amount so realised was to be assigned to the SRF to the extent the Government deemed fit. The Rules of the Fund were framed by the Government in January 2000 and a State Road Fund Management

[1] State Highways: 7922 km; Major District Roads: 7071 km, Other District Roads: 31238 km and Village Roads: 117199 km

Committee (SRFMC)[2] was constituted (May 2002) for granting approval to the criteria and items to be undertaken under the SRF.

2.3.2. Organizational set-up

The Principal Secretary, PWD at the Government level and the Engineer-in-Chief (E-in-C), Development at the departmental level assisted by 22 Chief Engineers (CEs) including 12 Zonal CEs and 31 Superintending Engineers (SEs) implemented the scheme. The works were executed through 165 divisions headed by the Executive Engineers (EEs) in 71 districts.

2.3.3. Audit objectives

The objectives of performance audit were to assess whether:

- SRF scheme was managed in accordance with the State Road Fund Rules, 2000;
- Identification and selection of works were carried out on the basis of reliable and accurate road data and in accordance with the rules;
- Execution of works was carried out effectively, economically and efficiently; and
- Monitoring system was adequate and effective to achieve the desired objectives.

2.3.4. Scope and methodology of audit

Records relating to implementation of SRF for the period 2005-10 were test checked between March 2010 and July 2010 at the PWD Secretariat, in the offices of E-in-C, three CEs[3] out of 12 and three SEs[4] out of 31, in 14 districts[5] out of 71 districts. Besides, information relating to SRF was collected from the Finance Department. The districts were selected through Probability Proportional to Size without Replacement method of statistical sampling.

Audit objectives were discussed (May 2010) with the Principal Secretary, PWD during the entry conference. In the exit conference (October 2010) held with Principal Secretary PWD, the audit findings were discussed. Replies received (October 2010) from Government were incorporated at appropriate places in the review.

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2 PWD Minister: President; State PWD Minister: Vice President; Agriculture Production Commissioner and Principal Secretaries of PWD, Health Department, Industry Development Department, Transport Department, Tourism Department and Finance Department, two representatives of Truck Motors Association, two Members of Parliament and two President/Chairman of District Panchayats as members.

3 Agra, Jhansi and Lucknow

4 Agra, Banda and Lucknow

5 Agra, Aligarh, Allahabad, Auraiya, Badaun, Banda, Bulandshahr, Etawah, Gorakhpur, Hardoi, Kanpur, Kausambi, Muzaffarnagar and Saharanpur

Audit Findings

2.3.5 Financial Management

2.3.5.1 Non-operation of the SRF

₹998.41 crore was lying unspent since April 2005 due to non-operation of SRF

SRF Rules, 2000 provide that the additional tax levied and realised on first sale of petrol and diesel would be credited to SRF account maintained under the Public Account to the extent the Government deemed fit. For utilising the funds, the State Government would make the provision in the annual budget of the PWD under the Grant[6] No. 58. At the end of the financial year, the amount so spent out of the budget provision was to be debited to the SRF and credited to the Grant No. 58. The Government did not operate SRF account from April 2005 and the unutilised amount of ₹ 998.41 crore was lying in the account since then. In March 2009, the Government decided to abolish the Fund. Non-operation of the fund rendered the operation of the SRF scheme as envisaged, opaque as discussed below:

Additional tax on first sale of petrol and diesel was levied for a definite purpose and the proceeds were to be applied for such purposes only. The proceeds were to be parked to the extent determined by the Government in a specifically created SRF and this fund utilised exclusively for repair, maintenance and strengthening of roads. No amount was credited to the fund out of the additional income during the period 2005-10. The extent of additional tax realised, amount utilised and balance was not ascertainable. However, the amount of additional tax realised, as worked out in audit amounted to ₹ 4603.18 crore as indicated in **Table 1**.

Table 1: Amount of enhanced tax collected during 2005-10

(₹ in crore)

Year	Total Trade tax on Petrol and Diesel			Amount of enhanced tax on first sale of Petrol and Diesel to be transferred to SRF		
	Petrol	Diesel	Total	Petrol (6/20)	Diesel (4/20)	Total
(2)	(3)	(4)	(5)	(6)[7]	(7)[8]	(8)
2005-06	-	-	3,335.11	-	-	771.08
2006-07	-	-	3,636.59	-	-	840.78
2007-08	1,132.96	2,837.86	3,970.82	339.89	567.57	907.46
2008-09	1,331.78	2,895.64	4,227.42	399.53	579.13	978.66
2009-10	1,573.22	3,166.14	4,739.36	471.97	633.23	1,105.20
Total			**19,909.30**			**4,603.18**

(Source: Commissioner, Trade Tax and E-in-C, PWD)

Note: Breakup of additional tax was not available for the period 2005-07. Additional tax calculated at an average rate of 23.12 per cent.

During the period 2005-10, against the realisation of ₹ 4,603.18 crore, only ₹ 3,600.57 crore[9] were utilised on SRF scheme. In reply, Government stated (October 2010) that the amount collected as additional tax was to be

[6] Public Works Department-Communication-Roads
[7] Column 3 * (6/20)
[8] Column 4 * (4/20)
[9] (₹ 6003.73 crore - ₹ 2403.16 crore)

transferred to the fund to the extent the Government deemed fit, and not the whole amount of additional tax.

Reply was not tenable as additional tax was realised from the public for the specific purpose of maintenance, repair/strengthening of the roads in the State. Operation of the fund was in the interest of transparency by ensuring that money realised was utilised for the designated purpose.

2.3.5.2 Allotment and Expenditure

The Government made provision in the budget for the scheme under the head "State Road Fund" in the normal course. Besides, Twelfth Finance Commission (TFC) released ₹ 600.79 crore each year to the State Government for maintenance of roads during 2006-10. Year-wise allotment and expenditure during 2005-06 to 2009-10 are given in **Table 2**.

Table 2: Allotment and Expenditure

(₹ in crore)

Year	3054-Maintenance				5054-Capital			
	Budget[10] Provision	Surrender	PLA	Expenditure	Budget Provision	Surrender	PLA	Expenditure
2005-06	742.40	7.76	0.00	734.64	0.00	0.00	0.00	0.00
2006-07	1,000.00	39.21	96.40	960.79	458.00	5.87	16.09	452.13
2007-08	1,000.00	18.44	0.00	981.56	329.93	1.41	32.26	328.52
2008-09	1,000.00	29.35	0.00	970.65	275.45	0.01	0.00	275.44
2009-10	1,000.00	0.00	0.00	1000.00	300.00	0.00	0.00	300.00
Total	**4,742.40**	**94.76**	**96.40**	**4,647.64**	**1,363.38**	**7.29**	**48.35**	**1,356.09**

(Source: E-in-C, PWD)

PWD surrendered ₹ 102.05 crore during 2005-09 mainly due to cancellation of sanctioned works and defective proposals. During the period 2006-08, ₹ 144.75 crore drawn were also kept in PLA to avoid lapsing of the budget. Consequently, the expenditure for the period was inflated by an equivalent amount.

The Government accepted (October 2010) the facts and figures.

2.3.5.3 Irregular expenditure

Irregular expenditure on roads in residential/non-residential premises

Irregular expenditure of ₹ 9.27 crore on roads in residential/non-residential premises

Expenditure on maintenance and repair of roads within the premises of State Government's non-residential/ residential buildings is to be met from the Major Head "2059" or "2216" as these are not classified under any category[11] of roads.

Scrutiny of the records of SE, Lucknow Circle, PWD, Lucknow and EE, PD, PWD, Lucknow (May to August 2010) revealed that 45 road works were

[10] Budget provision included ₹ 2403.16 crore received from TFC from 2006-07 to 2009-10

[11] State Highways, Major District Roads, Other Districts Roads and Village Roads

executed at a cost of ₹ 9.27 crore during 2005-10 by debit to SRF scheme, which was irregular.

The Government stated (October 2010) that maintenance of roads within the premises of residential/ non-residential buildings is being done as per rule of the SRF. Reply is not tenable in view of the fact that these roads are not classifiable under any of the categories of the roads and the Government provides funds under Major Head "2059" or "2216" for maintenance and repair of such roads.

Mis-utilisation of sanction

Financial sanction issued by the Government for each work contains specific and stipulated conditions regarding the purpose for which the funds are to be utilised in compliance with the provisions of the Budget Manual and Financial Handbook.

Expenditure of ₹ 11.15 crore incurred on items not covered by the sanction

Scrutiny of records in eight out of 14 test-checked divisions revealed that an expenditure of ₹ 11.15 crore debited to 101 SRF works was actually not incurred on these works.

The division-wise number of works and expenditure incurred during 2005-10 are given in **Table 3**.

Table 3: Division-wise details of mis-utilisation of sanctions

(₹ in crore)

Sl. No.	Name of division	No. of works	Amount
1	PD Agra	3	0.20
2	PD Allahabad	1	0.42
3	PD Auraiya	1	0.42
4	PD Banda	2	2.16
5	CD-2, Banda	1	0.04
6	PD Etawah	3	1.91
7	CD-I Gorakhpur	85	2.67
8	PD Kanpur	5	3.33
Total		**101**	**11.15**

(***Source: Vouchers of PWD Divisions***)

Thus, the expenditure of ₹ 11.15 crore incurred on these works was against the sanction issued. This reflected inadequate monitoring and lack of control mechanism in the department.

The Government stated (October 2010) that directions have been issued to concerned CEs to investigate the matter and disciplinary action would be taken against the responsible officers.

Excess expenditure over allotments

Scrutiny of the allotments made in respect of works sanctioned under SRF scheme in two[12] out of 14 divisions test-checked revealed that in 93 works,

[12] Agra and Bulandshahr

₹ 2.61 crore was incurred in excess over the allotments made by the E-in-C during the period 2005-10. Year-wise details are given in **Table 4**.

Table 4: Excess expenditure over allotments

(₹ in crore)

Year	Number of works	Allotment	Expenditure	Excess
2005-06	1	1.70	1.84	0.14
2006-07	17	4.07	5.01	0.94
2007-08	30	2.24	2.68	0.44
2008-09	28	3.22	3.64	0.42
2009-10	17	1.41	2.08	0.67
Total	**93**	**12.64**	**15.25**	**2.61**

(***Source: Monthly accounts of Divisions, PWD***)

The excess expenditure included ₹ 27 lakh incurred by EE, PD, Agra on 13 works for which no allotment had been made by the competent authority. The expenditure incurred without allotment was in violation of the UP Budget Manual and Financial Handbook which also indicated absence of monitoring by the E-in-C of the allotments made. The Government in reply stated (October 2010) that the directions have been issued to concerned CEs to investigate the matter.

Implementation of the SRF scheme

2.3.6 Planning and Monitoring

Approval of works under SRF scheme

As per SRF Rules 2000, the fund was to be utilised for maintenance and repair/strengthening of all State roads. SRFMC was empowered to decide the items and criteria for utilisation of the funds. No criteria for selection of roads for maintenance, repair/strengthening were laid down by SRFMC. Audit scrutiny of the methodology adopted for identification and selection of roads under SRF scheme revealed the following:-

2.3.6.1 Lack of transparency in identification and selection of roads

Due to non-maintenance of computerised data bank and MIS system, selection of roads remained questionable

The State Government framed Uttar Pradesh Road Development Policy, 1998 for better utilization of State resources for maintenance and repair of road network. As per paragraph 12.1 of the Policy, a computerized data bank, having the details of every road, its width, thickness of its crust, composition of crust, engineering properties of earth in sub-grade, details of culverts, bridges and permanent land, road history etc, was to be established to implement the construction and maintenance work in a planned manner. In addition to this, traffic density in terms of commercial vehicles per day and passenger car units and details of accidents on the road would also be kept in the computerised data bank. Besides, a computerised Management Information System (MIS) would be developed at the Divisional, Circle, Zonal Chief Engineer, Engineer-in-chief and Government levels.

Audit observed that the PWD had neither maintained a computerised data bank of all its roads nor developed any MIS for identification and transparent

selection of roads for maintenance, repair and strengthening. PWD is the nodal authority for proposing maintenance and repair /strengthening of roads and these proposals are examined at the departmental level. The department allocates the amount category-wise depending upon the nature of the work. These category-wise proposals are sent to SRFMC for approval. In view of this, the system of identification and selection of roads remained questionable.

In reply, Government stated (October 2010) that as computerised data bank was under preparation, roads were selected under SRF scheme on the basis of information given by the divisions. The fact remained that roads were identified/ selected without cross checking of the proposals of the divisions in the absence of requisite of data bank.

2.3.6.2 Defective sanctions

Cancellation of sanctioned works due to defective proposals, double sanctions, etc., resulted in surrender of funds

E-in-Cs' circular (July 2005) for maintenance, repairs/ strengthening and widening of roads provides that the proposals for maintenance of roads should be prepared on the basis of actual survey of the road with full justification and its requirement. It was observed from the records of E-in-C that 172 works sanctioned during the period 2005-10 were cancelled subsequently, due to various reasons including defective proposals, double sanctions, absence of co-ordination amongst executing agencies and works sanctioned under other schemes. Some of the reasons of defective proposals were problem of water logging, length of the road actually short, portions of roads actually not existing/ constructed, excessively damaged, work not required, less crust, etc. Details of cancelled works are given in **Table 5**.

Table 5: Cancellation of works due to various reasons

(₹ in crore)

Reasons for cancellation	Number of works	Amount surrendered
Works sanctioned in other schemes	42	3.86
Works executed by other departments	08	0.72
Works not required in cancelled chainages	16	0.85
Defective proposals	77	3.44
Double sanctions	29	3.07
Total	**172**	**11.94**

(***Source: E-in-C, PWD Divisions***)

It is clear from the above table that proposals were not prepared on the basis of actual survey of the roads with full justification. These defects indicated systemic deficiencies. As a result of such cancellations ₹ 11.94 crore were surrendered at the end of the financial year concerned. The Government did not furnish any specific reply (October 2010).

2.3.6.3 Selection of roads for widening and strengthening ignoring relevant specification and orders

Widening and strengthening of a road depends upon actual traffic census. Crust thickness of the pavement design is based on census of the present

traffic and projected growth in next 10 years as provisioned in E-in-C circulars of July 2005 and September 2008. A design life of not less than 10 years including construction period, is to be adopted before undertaking further strengthening.

During test-check of records of EE, PD, Agra, Auraiya, and Banda, it was observed that widening and strengthening on five roads was taken up more than twice within a span of five years as detailed in **Table 6.**

Table 6: Roads selected for widening and strengthening within a span of five years

Sl. No.	Name of road	2005-06	2007-08	2008-09	2009-10
1.	Banda Baberu Kamasin SH 92 (Banda)	Widening and Strengthening (0-36km) ₹ 8.77 crore **State Sector**	Strengthening work (2-38km) Rs. 12.04 crore **State Road Fund**		Widening and Strengthening (2-36 km) ₹ 18.03 crore **State Road Fund**
2.	Atrra Chausad Oran (Banda)	Strengthening (1-19km) ₹ 2.14 crore **Bundelkhand Package**			Strengthening (1-17 km) ₹10.92 crore **State Road Fund**
3.	Bilraya Panwari Road (Auraiya)	Widening and Strengthening in km 276-290,294-313 ₹ 11.74 crore **State Road Fund**			Widening and Strengthening in km 280 to 290 ₹ 8.33 crore **State Sector**
4.	Kirawali-Kagarol-Khairagarh-Saiya (Agra)	Widening in km 17 to 37 (21 km) ₹ 1.57 crore **State Road Fund**		Widening and Strengthening in km 0 to 37 (37 km) ₹ 25.61 crore **State Sector**	
5.	Saiyan-Iradatnagar-Shamshabad-Fatehabad (Agra)		Widening in km 1 to 21 and Strengthening in km 1 to 40 ₹ 14.39 crore **State Road Fund**		Widening and Strengthening in km 1 to 21(600) total 20.600 km ₹ 5.74 crore **State Road Fund**

(***Source: Test checked PWD Divisions***)

Widening and strengthening of roads were taken up without justification resulting in avoidable expenditure of ₹ 68.63 crore

On this being pointed out (March/June 2010), the concerned divisions replied (May/ July 2010) that due to increase in traffic of commercial vehicles and passenger cars, widening and strengthening of the above roads were sanctioned. Reply is not tenable as widening and strengthening of roads on earlier occasions were required to be executed duly considering the projected increase in traffic over a period of 10 years. The concerned divisions also failed to produce supporting traffic census details indicating increase in traffic load over and above that forming the basis for earlier projections. Thus, the sanction of ₹ 68.63 crore[13] second time on widening and strengthening of these roads was in violation of extant instructions and avoidable. The Government in reply stated (October 2010) that orders were issued to the concerned CEs to investigate the matter.

2.3.6.4 Premature renewal of roads

Roads were renewed before their renewal cycle resulting in avoidable expenditure of ₹ 6.32 crore

The Government prescribed (December 2003) the periodicity for renewal of State Highways and Major District Roads as 4 years, Other District Roads as 5 years and Village Roads as 8 years with the condition that if the road had

[13] ₹ 68.63 crore = ₹ 18.03 crore + ₹ 10.92 crore + ₹ 8.33 crore + ₹ 25.61 crore + ₹ 5.74 crore

been painted with modified bitumen, the cycle of renewal would increase by one year.

During test check it was observed that in three roads, renewal of roads was carried out prior to the completion of the stipulated period as detailed in **Table 7**.

Table 7: Roads prematurely renewed

(₹ in lakh)

Name of work	Name of Divisions	Category of road and nature of work	Cycle Period in year	Chainage	Expenditure	Chainage	Expenditure
Gulawathi Syana Bugrasi	PD, Buland shahar	MDR/ Widening strengthening	4	Year:2008-09		Year:2009-10	
				0.0 to 29.0	937.51	--	--
		Renewal	--			1, 2, 7, 9, 10, 13-16, 31	81.34
Kotha Parcha to Agriculture Road via Old Yamuna Bridge	PD, Allahabad	ODR/ Renewal	5	Year:2006-07		Year:2008-09	
				Km 3, 4 and 785 metre of km 5	46.68	Km 3, 4 and 785 metre of km 5	43.43
Purkaji Luxur Marg	PD, Muzaffar Nagar	MDR/ Renewal	4	Year:2006-07		Year:2008-09	
				1-15	383.66	1-15	506.84
Total							**631.61**

(Source: Divisions MPR)

Thus, an expenditure of ₹ 6.32 crore[14] was incurred on premature renewal of roads in violation of the prescribed renewal cycle. The Government in reply stated (October 2010) that directions have been issued to the concerned CEs to investigate the matter and action would be taken against the responsible officers.

2.3.6.5 Sanction of works beyond the scope of SRF

Expenditure on Beautification of Road Crossing, Street Lighting, etc.

₹ 70.31 crore were incurred on the works which were beyond the scope of SRF scheme

As per SRF Rules 2000, funds were to be utilised for maintenance and repairs/strengthening works of State roads. However, funds amounting to ₹ 70.31 crore were sanctioned on several other works, viz., beautification of road crossing, street lighting and electrification, re-girdering of railway bridge, transfers to the Depreciation Reserve Fund, etc., which were beyond the scope of SRF as detailed in **Table-8**.

Table 8: Works sanctioned beyond the scope of SRF

(₹ in crore)

Nature of work	2005-06	2007-08	2008-09	2009-10	Total
Beautification of road crossings at Lucknow, Varanasi Meerut and Kanpur districts	-	-	9.11	17.80	26.91
Street lighting and electrification at Lucknow	3.53	-	17.69	2.54	23.76
Advertisement of departmental schemes	-	-	-	1.96	1.96
Re-girdering of Railway Bridge on Yamuna River at Agra	-	-	1.87	2.81	4.68
Depreciation Reserve Fund	-	13.00	-	-	13.00
Total	**3.53**	**13.00**	**28.67**	**25.11**	**70.31**

(***Source: E-in-C, PWD Divisions***)

[14] ₹ 81.34 + ₹ 43.43+ ₹ 506.84 = ₹ 631.61 lakhs i.e. ₹ 6.32 crore

The Government in reply stated (October 2010) that norms and measures for utilisation of fund under SRF scheme were considered after the approval by SRFMC. These works were sanctioned by SRFMC headed by PWD Minister.

The reply is not tenable in view of the provisions of the paragraph 3 of the SRF Rules 2000, *ibid.* Besides, the expenditure of ₹ 70.31 crore incurred on the above works was beyond the scope of SRF.

Expenditure on national highways (NHs)

Irregular expenditure of ₹ 97.07 crore incurred on maintenance of NHs

Although expenditure on NHs was outside the scope of SRF, works for the maintenance, strengthening and beautification of NHs were also executed during 2005-10 under SRF scheme. Year-wise details of sanctions and expenditure on such works are given in **Table 9**.

Table 9: Works executed for beautification and maintenance of national highways

(₹ in crore)

Year	Major Head 3054	Major Head 5054	Total
2005-06	0.00	**6.73**	**6.73**
2006-07	0.00	32.55	**32.55**
2007-08	6.26	12.45	**18.71**
2008-09	9.69	19.70	**29.39**
2009-10	3.80	5.89	**9.69**
Total	**19.75**	**77.32**	**97.07**

(***Source**: CE, NH and PWD Divisions*)

The Government in reply stated (October 2010) that the sanctions were issued for maintenance of NHs in special circumstances under SRF scheme with the approval of SRFMC.

Reply is not tenable as GOI had released funds (₹ 284.14 crore[15]) to State PWD for repair/maintenance work on NHs roads separately. Thus, the expenditure of ₹ 97.07 crore out of SRF on maintenance and beautification works of NHs was irregular.

2.3.6.6 State roads not maintained

1.74 lakh km road were not taken up for maintenance due to lack of co-ordination amongst different departments/ bodies

The State had 3.37 lakh km roads of different categories as of March 2010, out of which 1.63 lakh km roads were under the jurisdiction of PWD and the remaining 1.74 lakh km roads under other departments/bodies such as *Mandi Parishad*, Rural Engineering Services, *Zila Parishad* and Cane Development Department, etc.

Although the SRF scheme was created for maintenance of all State roads, the Government failed to maintain a length of 1.74 lakh km roads, pertaining to departments/bodies other than the PWD as only proposals relating to PWD roads alone were submitted and considered by SRFMC during (2005-10). PWD had not coordinated with these departments, etc. to obtain their proposals for maintenance and repair of the roads.

[15] In 2005-06: ₹ 50.99 crore; 2006-07: ₹ 55.19 crore; 2007-08: ₹ 56.74 crore; 2008-09: ₹ 55.22 crore and 2009-10: ₹ 66.00 crore

In reply, the Government stated (October 2010) that PWD roads were being taken up for maintenance under SRF scheme. Although, funds for maintenance of PWD roads were not sufficient, a few roads of other departments were also considered for maintenance under SRF scheme. The reply of the Government is not tenable as details of any such road considered for maintenance under SRF were not furnished.

2.3.6.7 Monitoring

As per paragraph 6(2) of SRF Rules 2000, E-in-C, PWD is responsible for proper execution of maintenance and repair of the roads under SRF, monitoring of the scheme and submission of progress report to the Government at the end of each financial year. E-in-C is also required to maintain details of expenditure incurred under SRF scheme separately and submit Monthly Progress Report (MPR) of physical and financial progress to the Government.

For effective monitoring and control over financial and physical progress, E-in-C directed (June 2007) all EEs to maintain records/registers/ledgers prescribed in Financial Hand Book Vol.-VI. Records of 14 divisions test-checked, revealed that the Works Abstract[16], Register of Works[17], Contractor's Ledger[18], Road Inspection Register and Road Metal Return prescribed for control over advances and material given to contractor for work, expenditure incurred on a particular work, consumption of material received by junior engineers and complete history of roads, were not maintained. This resulted in ineffective monitoring, evaluation and reporting of the financial and physical progress of the works by the Executive Engineers. In reply, Government stated (October 2010) that Zonal Chief Engineers have been directed for proper keeping of records at divisional level.

Execution of works

2.3.7 Targets and achievements

2.3.7.1 Insufficient renewal of the roads

The Government fixed (December 2003) the renewal cycle for each type/category of road. One fourth length of the SHs and MDRs, one fifth of ODRs and one eighth of the total road length of VRs were to be renewed every year. The details of total length of each category of roads under jurisdiction of PWD and length of roads due for renewal during 2005-10 are given in the ***Appendix-2.3.1.*** The department fixed lower targets for renewal of roads during 2005-10 which were also not achieved as indicated in the **Table 10**.

[16] Contains an account of all the transactions relating to a work during a month
[17] The permanent and collective record of the expenditure incurred in the division, during a year, on each work
[18] Contains advances and materials given to each contractor

Table 10: Shortfall in renewal of roads

Year	Length of roads	Length of roads due for renewal as per cycle	Length of roads targeted for renewal	Less target fixed against the Renewal cycle		Length of roads renewed against the target fixed		Shortfalls in the achievement against the length of roads due for renewal as per cycle
	Km	Km	Km	Km	in *per cent*	Km	in *per cent*	in *per cent*
1	2	3	4	5(a)	5(b)	6(a)	6(b)	7
2005-06	121538	19368	Nil	Nil	Nil	Nil	Nil	**Nil**
2006-07	128176	20256	NA	NA	NA	NA	NA	**NA**
2007-08	142908	22149	14842	7307	33	9003	61	**59**
2008-09	155291	23735	14724	9011	38	10970	75	**54**
2009-10	163430	24647	14800	9847	40	11903	80	**52**
Total						**31876**[19]		

(Source: E-in-C, PWD, Lucknow)

The Department could not achieve even the reduced targets

During the period from 2007-08 to 2009-10, targets for renewal of roads were fixed lower by 33 to 40 *per cent*. The department could not achieve even these reduced targets and shortfall ranged between 20 and 39 *per cent*. Only 41 to 48 *per cent* of the road length due for renewal was renewed. No roads were renewed during 2005-06 and data for 2006-07 had not been maintained separately.

The Government in reply stated (October 2010) that the target for renewal and repair of the roads was fixed keeping in view the condition of roads as well as availability of funds. The reply of the Government is not tenable as budget provision of ₹ 1228 crore had been made for renewal of 41310 km during the period 2007-10 against which 20742 kms roads only were renewed as detailed in the ***Appendix-2.3.2.***

2.3.7.2 Avoidable expenditure

Avoidable extra expenditure on three roads

Rich specifications were used on the deficient crust resulting in excess expenditure of ₹ 4.35 crore

The basic principle for strengthening of the road stipulates that the bituminous macadam (BM) should be laid over the non-bituminous base only when the crust thickness of the road is sufficient to sustain the traffic load. BM laid over the deficient crust is not sustainable in the long run. As per Indian Road Congress (IRC) Guidelines, BM should be laid only when base of non-bituminous crust thickness was not less than 37.5 cm even if the traffic density of the roads was minimum and soil strength of the sub-grade was rich. Instead of BM and SDBC, provision of First Coat Painting (P1) followed by Second Coat Painting (P2) or Premix Carpet (PC) with Seal Coat should be made as wearing course.

Scrutiny of the records of works of the test-checked districts, sanctioned under SRF scheme revealed that in the three road works in the districts Hardoi and Muzaffarnagar, a provision for BM and SDBC was made instead of PC with Seal Coat though the base of these roads had non-bituminous crust with

[19] 20742 km renewed under SRF and remaining through other schemes

thickness ranging between 23 and 34 cm. Expenditure of ₹ 4.35 crore was incurred on these roads in violation of IRC guidelines.

The excess expenditure of ₹ 4.35 crore as detailed in **Table 11** could have been saved by following the IRC guidelines.

Table 11: Excess expenditure due to adoption of rich specification

(₹ in crore)

Name of division	Name of road	Month of Sanctioned	Sanct-ioned Cost	Thickness of the base of non-bituminous crust (cm)	Expenditure		
					On BM and SDBC	PC with Seal coat	Excess expenditure
1	2	3	4	5	6	7	8
CD1, Hardoi	Bilraya Panwari Marg	December 2004	4.89	34	1.76	0.81	0.95
PD, Muzaffar Nagar	Purkaji Luxar Marg	June 2009	5.07	32	4.22	1.88	2.34
CD1, Muzaffar Nagar	Panipat Khatima to Delhi Yamnotri via Babar Kaidi	January 2010	1.88	23	1.82	0.76	1.06
Total					**7.80**	**3.45**	**4.35**

(***Source: Test checked PWD Divisions***)

The Government in reply stated (October 2010) that directions have been issued to the concerned CEs to investigate the matter. Results of investigation, if any, conducted have not been received (January 2011).

2.3.7.3 Expenditure incurred before technical sanction to works

Paragraph 375 of Financial Handbook Volume-VI provides that no work should be commenced until detailed estimates are approved by the competent authority. As per E-in-C's Circular (January 2003), time period to accord technical sanction to the detailed estimates of a sanctioned work was 15, 30 and 45 days for EEs, SEs and CEs respectively. The sanction order issued for each work also stipulates that no expenditure should be incurred before grant of technical sanction to the detailed estimates of the work.

Scrutiny of the records of the works sanctioned under SRF scheme, in five divisions[20] revealed that technical sanction to 21 works was not accorded even after lapse of 10 to 23 months after the month of their financial sanction and an expenditure of ₹ 3.52 crore was incurred on these works as of March 2010. In case of another 34 works, technical sanctions were accorded with delays ranging from 6 to 23 months and expenditure of ₹ 21.47 crore was incurred prior to issue of technical sanctions as detailed in ***Appendix-2.3.3***. Incurring of expenditure prior to accord of technical sanction apart from violation of the financial rules also vitiates the sanctity of technical sanction. In reply, the Government intimated (October 2010) that directions have been issued to the concerned CEs to investigate the matter.

[20] PD, CD2, Banda, PD, Etawah, CDI, Gorakhpur and PD, Muzaffarnagar

2.3.8 Contract Management

2.3.8.1 Issue of tender notices prior to administrative approval

Tender notices of three works were issued without Government approval

Paragraph 316(1) of Financial Hand Book Volume VI stipulates that for every work (excluding petty works and repairs), it is necessary to obtain in the first instance the concurrence of the administrative department.

Scrutiny revealed that in three cases tender notices were issued before administrative approval and financial sanction as indicated in **Table 12**.

Table 12: Detail of works on which tender notices were issued prior to administrative approval and financial sanction

(₹ in lakh)

Sl. No.	Name of the Division	Name of work	Sanctioned amount	Date of sanction	Date of tender notice	Amount of agreement	Agreement No. and date	Status as of March 2010
1	PD, Agra	Widening and Strengthening of SISF road	574.49	22-02-10	22-04-08	336.15	19/SE dated 23.03.10	Under progress
2	PD, Etawah	Widening of NH2 city portion of Etawah	443.18	10-02-06	28-06-05	92.23	12/SE dated 25.08.05	Completed
3	CD, Badaun	Pilibhit-Bareilly-Mathura-Bharatpur Road	246.62	28-04-08	26-03-08	262.82	02/SE dated 25.04.08	Completed

(Source: Test-checked work)

In the first instance, work was allotted on a single tender basis, 23 months after invitation of the bids at 31.85 *per cent* above the estimated cost. In other two cases, agreements were entered into before accord of administrative approval and financial sanction. In reply, the Government stated (October 2010) that directions have been issued to the concerned CEs to investigate the matter.

Invitation of short term tenders

In six out of 79 works test-checked, short term tenders (***Appendix-2.3.4)*** amounting to ₹ 7.02 crore were invited and agreements executed three to four months after their opening. Justification for invitation of short term tenders was, however, not on record. This was in violation of the Government directions (December 2000) as inadequate time was given for wide publicity thereby not obtaining more competitive bids. In reply, Government intimated (October 2010) that directions have been issued to the concerned CEs to investigate the matter.

2.3.8.2 Advances to contractor without proof of their utilisation

Undue favour of machinery advances of ₹2.29 crore to contractors

As per paragraph 45.2 of the contract, a contractor can be allowed Mobilization and Machinery Advances for equipment and plant specifically required for the work. The contractor is, however, required to provide copy of the invoice/bill of such equipment/plant to PWD, as proof of new equipment brought to the site for the specified purpose.

Scrutiny of the records of works (March/June 2010) sanctioned under SRF revealed that ₹ 2.29 crore were given to the contractors as Machinery Advance as per details in **Table 13**.

Table 13: Details of advances

(₹ in crore)

Sl. No.	Name of Division	Agreement No.	Cost of Agreement	Amount of machinery advance	Month of advance
1.	CD-2, Banda	11/SE/09-10 dated 04.01.2010	19.07	0.95	January 2010
2.	PD, Agra	19/SE/09-10 dated 23.03.2010	3.36	0.34	March 2010
3.		20/SE/09-10 dated 23.03.2010	21.93	1.00	March 2010
Total				**2.29**	

(Source: Test-checked work)

No invoice/bill was obtained in these cases to prove that the new machinery was actually purchased and brought to the site. The Government issued (October 2010) orders to concerned CEs to investigate the matter.

2.3.8.3 Payment of bituminous work without obtaining original CRC[21]

As per Section 4-Conditions of Contract Part II-Special Condition for Contract, the contractor shall procure Bitumen and Modified Bitumen from Indian Oil Corporation, Hindustan Petroleum and shall produce the original C.R.C. issued by the company at the time of claiming the payment for bitumen or Modified Bitumen along with the bill. It is also laid down in the guidelines issued by the E-in-C (January 2006) that no payment should be made to the contractors for bituminous work without submitting original CRC with the concerned payment voucher by the contractors.

Scrutiny of the vouchers of the works test-checked (May/June 2010), where contractors made their own arrangement for bitumen, revealed that the payment was made to contractors for bituminous work without obtaining original CRC as given in **Table 14**.

Table 14: Details of payment to contractor without obtaining original CRC

Name of Division	Name of work/sanction year	Item	Quantity of item in M^3/ grade of bitumen	Quantity of bitumen used/MT	Rate of bitumen	Amount (₹ in lakh)
EE, PD Bulandshahar	Bulandshahar Saidpur Marg (Nov.2006)	B.M	6728.819/60-70	516.97	21530	111.30
		SDBC	3352.8/ CRMB	386.86	24485	94.72
EE, CD, Baduan	Pilibhit Bareilly Mathura Bharatpur (May 2008)	BM	211.18/60-70	15.29	31872	4.87
		SDBC	3174.85/60-70	329.69	31872	105.08
	Meerut Badaun road (May 2010)	BM	57.28/60-70	4.20	32994	1.39
		SDBC	1185.04/CRMB	136.74	36523	49.94
EE, CD1, Hardoi	Palia Lucknow SH(March 2006)	BM	15187.20/60-70	1167.00	18500	215.89
		SDBC	7610.80/CRMB	878.00	18500	162.43
Total						**745.62**

(Source: Test-checked work)

[21] Consignee Receipt Certificate

On this being pointed out in audit (June 2010), the divisions replied (June 2010) that original CRCs were with the contractor and these were verified at the time of payment. The reply is not acceptable as original CRCs are required to be surrendered to the Division and should form part of the records in order to prevent misuse and fraud. In reply, Government stated (October 2010) that directions have been issued to the concerned CEs to investigate the matter.

2.3.9. Ineffective Quality Control

Material used on the works had not been tested to the extent of prescribed norms

Research and Quality Promotion Cell (RQPC) of the department had been established for conducting test of the samples of the material required for construction to maintain the quality of work. As per the Government orders (August 1996), it is mandatory for PWD divisions to send 25 *per cent* of the samples of material to be used in the works to the RQPC to ascertain its quality. The material was to be used only after receipt of the results of such tests.

In six[22] out 14 divisions test-checked, no records were, however, maintained by the divisions regarding samples of material sent to RQPC for quality control test. As per information furnished by RQPC, (July 2010) regarding tests carried out on the material during the period 2005-10, only seven divisions had sent 133 samples relating to 17 works. Details are given in **Table 15**.

Table 15: Details of test sent to RQPC for quality testing

Year	Name of division	Number of roads	Number of tests	Test failed
2005-06	PD Lucknow	3	13	Nil
	PD Banda	1	2	Nil
2006-07	CD1, Gorakhpur	2	2	Nil
	CD1 Hardoi	2	53	50
	PD Auraiya	1	4	Nil
2007-08	PD, Lucknow	3	13	5
2008-09	Nil	Nil	Nil	Nil
2009-10	PD Banda	4	12	Nil
	PD Kaushambi	1	34	Nil
	Total	**17**	**133**	**55**

(Source: Research and Quality Promotion Cell, Lucknow)

In the year 2008-09, no sample was received in RQPC from any of the 14 divisions test-checked. Further, fifty-five out of 66 samples (80 *per cent*) of the tests so received, pertaining to two divisions[23] failed.

Further scrutiny of records of PD, PWD Lucknow and CD-I, PWD, Hardoi revealed (August 2010) that substandard material was used in construction works by both the divisions. For use of sub-standard materials in the work, a penalty of ₹ 1.90 lakh was imposed on the concerned contractor by the EE, PD, Lucknow which was recovered. No action had been taken against the contractors by CD-I, PWD Hardoi.

[22] PD, Auraiya, CD, Baduan, PD, Bulandshahr, CD1, Gorakhpur, PD, Kaushambi and PD, Muzaffarnagar
[23] CD-I Hardoi and PD Lucknow

The above is indicative of ineffective quality control in the department. In reply, the Government while accepting the findings directed (October 2010) all CEs to follow the Government order strictly.

2.3.10. Conclusion

Selection of roads for renewal was not transparent due to non-availability of data of all roads. There were cases of selection of ineligible works, pre-mature renewal of roads, adoption of rich specification in violation of IRC's recommendations, commencement of works without TS, deficient contract management. Also, internal controls were lax as quality control norms were not adhered to, to prevent utilisation of sub-standard material. Thus, the objective of keeping all the State roads free of potholes and patches by continuously maintaining and repairing was not achieved to the desired extent.

2.3.11. Recommendations

- A comprehensive and computerised Data Base for selection of eligible roads should be maintained and updated regularly. A unique code to each road should be assigned to avoid wrong selection of works, issue of double sanctions, repetition of works and execution under other schemes;
- Co-ordination committees at District/ Zonal level may be constituted for preparation of priority list of roads of all categories to be undertaken annually for maintenance, etc.;
- Internal controls for quality control and contract management should be strengthened; and
- Investigations instituted as a result of audit findings should be completed early and remedial action taken.

Department of Information Technology and Electronics

2.4 IT Audit on 'Preparedness for e-Governance in the State of Uttar Pradesh'

e-Governance involves focusing on the use of Information Technology to assist in the transformation of government structures and operations to provide Efficient, Convenient & Transparent Services to the Citizens & Businesses.

Executive Summary

With a view to 'Make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure efficiency, transparency & reliability of such services at affordable costs to realise the basic needs of the common man' National e-Governance Programme (NeGP) was launched in May 2006.

In order to achieve the above objective, under the NeGP, some pre-requisites in the area of IT core infrastructure viz. establishment of State Wide Area Network (SWAN), State Data Center (SDC) and Common Service Centers (CSCs) was essential and needed to be in place to provide citizen centric services to the targeted common man in the field of 17 Mission Mode Projects (Departments) identified by the State Government.

A Performance Audit of the "Preparedness for e-Governance in the State of Uttar Pradesh (UP) revealed that the implementation of the NeGP in selected 17 MMPs was far behind from the satisfactory level of completion and implementation in the State. The Performance Audit brings out the following major deficiencies:

- Implementation of the projects was far from satisfactory as neither had the IT core infrastructure been established, nor was it made operational as planned.
- In absence of the Agreement with the NIC and BSNL 50 SWAN POP sites could not be made operational. Optical Fiber Connectivity which was to be ensured up to the Block level was available only at the District headquarters.
- Against the target of 17,909 CSCs to be established (upto April 2009) in the State only 4909 CSCs could be established (July 2010) as CSCs failed to operate in absence of availability of Government to Citizen (G2C) services.
- State Data Centre could not be made operational even after lapse of two years as selection process for appointment of Service Provider was not finalized.

- Any time any where access to the citizen centric services could not be made available as neither the State Service Delivery Gateway could be established nor DPRs of the MMPs were approved
- Against total receipt of ₹ 126.35 crore under various schemes of the NeGP only ₹ 56.29 crore could be utilized as implementation of projects was slow.
- Under the e-District scheme establishment of LAN at District headquarters and LABs at Tehsil and Blocks was not started.
- 34 *percent* of hardware complaints were not resolved within the stipulated severity period and were pending for over 180 days.
- Out of 10 services/ 32 sub-services identified under e-District scheme only 18 could be enabled in test-checked districts and only 14 services actually in operation. Data digitized for various departments were neither been used nor updated.
- Manual intervention existed in electronic process flow as uniform approach in forwarding of applications to process authorities was not adopted. Applications not disposed off within stipulated service period were not forwarded to higher authorities
- Bandwidth utilisation ranged between 0 to 4.50 percent in the test checked districts depicting very less electronic data flow.
- Non-verification and inspections of CSCs reflected lack of monitoring.

2.4.1 Introduction

To increase transparency, efficiency and effectiveness in delivery of citizen services, the National e-Governance Plan (NeGP), comprising 27 Mission Mode Projects[1] (MMPs) and 8 components, was approved by the Government of India (GOI) on May 18, 2006. The NeGP vision was to *'Make all Government services accessible to the common man in his locality, through common service delivery outlets and ensure efficiency, transparency & reliability of such services at affordable costs to realise the basic needs of the common man'*. Under NeGP, it was proposed to create State Data Centre to consolidate services, applications and infrastructure to provide efficient electronic delivery of Government to Government (G2G), Government to Citizen (G2C) and Government to Business (G2B) services. These services were to be rendered through common delivery platform seamlessly supported by core Connectivity Infrastructure viz. State Wide Area Network (SWAN) and Common Service Centre (CSC) connectivity extended up to village level. The creation of core and support infrastructure were to enable web based services for anytime anywhere access and thereby changing the delivery of

[1] MMP: Implies projects having well defined objectives, scope, service levels, milestones and timelines for implementation.

identified services by Government. Out of the 27 MMPs under the NeGP, the State identified 17[2] MMPs.

Under the e-District MMP the State identified 10 services to be delivered electronically viz. Issue of Certificates, Pensions (Social Welfare Pension), Revenue Court, Government Dues and Recoveries, Public Distribution System (Ration card related), RTI Services, Employment, Election, Licenses, Utility Services comprising of 32 sub-services ***(Appendix-2.4.1)*** of which only 22 could be enabled.

2.4.2 State e-Governance vision

Vision: *Using information technology for empowering the masses through easier access to information, transforming government process for better service delivery and as a vehicle for economic development of the state.'*

To achieve the State vision and objectives of the NeGP, the e-Governance roadmap of the State (November 2006) and 55 Departments of the State (18 intensive study and 37 extensive study) was prepared (February 2007) by consultant M/s Price Water House Cooper The objective of the departmental study was to undertake "As-Is" assessment of Information Technology usage and level of computerization in the Departments and prepare five year e-Governance roadmap. The departmental e-Governance roadmap was designed with a view to ensuring:

- Good governance by providing need based citizen centric services;
- Cost economy through development and use of common infrastructure and adherence to common policies;
- Business Process Re-engineering (BPR) and Administrative reforms;
- Change management through capacity building;
- Fast implementation of project (Mission mode);
- Standardization of approach and design across all departmental projects.

2.4.3 Citizen expectations from e-governance

As per the e-Governance Roadmap of the State, citizen expectations from the e-governance are summarized as under:

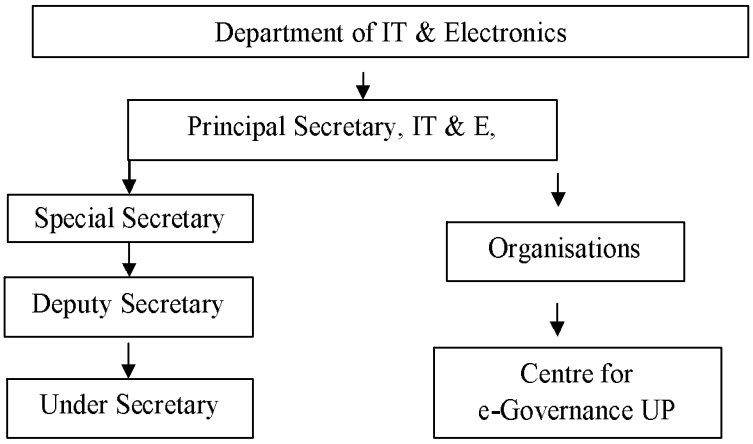
- Easy and faster information access about the government and its services;

[2] State MMPs (Departments) : Revenue, Tax and Registration, Transport, Agriculture, Home, Finance, Urban Development, Panchayati Raj, Labour, Medical and Health, Food and civil supply, Social welfare, Woman welfare and Child Development, Backward Class Welfare, Minorities Welfare, Secondary Education and Handicap Department

- Flexibility in accessing the services of the government, with services available where and when there is a demand;
- Responsiveness to feedback about the content and quality of services;
- The citizen should be able to get the services from the government in an integrated manner.

2.4.4 Organisational structure

The organization structure of the IT Department of the State is detailed as under



Principal Secretary heads the Department of Information Technology and Electronics (Department), of the State, assisted by one Special Secretary, Deputy Secretary and Under Secretary. The Department is responsible for formulation of IT policies and implementation of the NeGP scheme in the State. For monitoring and implementation of the NeGP in the State, Centre for e-Governance[3] (CeG) an autonomous and independent body was constituted by the Department to help and support Government and act as Secretariat and full time internal advisory body in undertaking e-Governance projects in the State. Infrastructure & Industrial Development Commissioner, Government of Uttar Pradesh (GOUP), was designated as the Ex-officio Chairman of the CeG and Principal Secretary IT and Electronics as Ex-officio Vice Chairman.

2.4.5 Scope of audit

The IT audit was conducted from April 2010 to July 2010 to evaluate the performance of the NeGP scheme as implemented by the State. The period of audit coverage was from inception of the scheme in 2006-07 to March 2010.

Records were examined at

- Centre for e-Governance, Lucknow;

[3] Registered as a Society under the Societies Registration Act, 1860

- three e-Districts (viz. Sitapur, Raebareli and Gorakhpur) out of six[4];
- four[5] MMPs out of 17 identified by State;
- six[6] services out of 22 enabled e-District services; and

The selection was based on the Simple Random Sampling Without Replacement sampling methodology. Data analysis of the e-District database maintained by State National Informatics Centre (NIC), Lucknow was conducted upto 17 June 2010. Further, the records of 'Jan Suvidha Kendra', at the district headquarters, two *Tehsils* and one Block under the selected districts, were also covered.

2.4.6 Audit objectives

The audit objectives were to assess:

- whether the planning process was effective for implementation and operation of the schemes;
- economy, efficiency and effectiveness of the Information System acquired and installed for rendering services as envisaged in project guidelines;
- whether IT delivery and support mechanism was effective and functional; and
- whether monitoring and evaluation mechanism was effective.

2.4.7 Audit findings

2.4.7.1 Lack of planning resulting in ineffective implementation and operation of projects

With a view to making Government services accessible to the common man in the concerned locality, the NeGP envisions three pillars of e-Governance infrastructure:

i) State Wide Area Network (SWAN) for establishing connectivity,

ii) State Data Centre (SDC) for centralized secure data storage/retrieval, and

iii) Common Service Centers (CSCs) for delivery of web enabled any time anywhere access to information and services. Departmental services were to be provided by the Departments selected under the State MMPs and services not covered under the MMPs were to be made available

[4] Gautam Budhnagar, Ghaziabad, Gorakhpur, Raebareli, Sitapur and Sultanpur

[5] Agriculture Department, Food & Civil Supply Department, Panchayati Raj Department and Woman Welfare & Child Development, Department

[6] Caste Certificate, Domicile Certificate, Widow pension, Old Age pension, Ration card and Grievance filing.

under e-District MMP operational in six[7] pilot districts of the State. Synchronization in implementation of core infrastructure and availability of citizen centric Government services was necessary to achieve effective service delivery mechanism.

However, audit revealed that the progress of project implementation was far from satisfactory as neither had the IT core infrastructure been established, nor was it made operational as planned or ensured availability of services to the citizens in the State due to ineffective operation of projects as detailed in succeeding paragraphs.

2.4.7.2 Non-execution of service level agreements for SWAN

The objective of State Wide Area Network (SWAN) was to create a secure close user group government network to interconnect State Headquarters with the District Headquarters, Tehsil and Block headquarters with 2 Mpbs bandwidth connectivity for the purpose of delivering G2G and G2C services. As per the SWAN guidelines (October 2004) for establishment, operation and maintenance of SWAN an end-to-end Service Level Agreement (Agreement) was required to be executed with the implementing agency as well as with the bandwidth service provider for provisioning of minimum 2Mpbs leased line connectivity upto the Block level.

Department selected NIC as the primary implementing agency (October 2004) and BSNL (November 2006) as the Bandwidth service provider. NIC was responsible for establishment and operation of 885 SWAN Point of Presence (POPs) at the State Capital (01), respective Districts (70), Tehsils (240) and Blocks (574).

However, against the provisions of the guidelines no Agreement was signed either with the BSNL or with the NIC (as of July 2010). In absence of Agreement, key service level indicators to be observed by the implementing agency and bandwidth operator could not be fixed as such observance of the same could not be ensured. As a result;

- Out of 885 POPs established by NIC, 50 POPs could not be made operational (commissioned) as of July 2010. In 40 POPs BSNL failed to provide 2Mpbs lease line connectivity due to distance being more than 5 km between the POP site and BSNL exchange. Remaining 10 POPs could not be commissioned due to technical problems (modem/line problem). BSNL demanded ₹80.00 lakh for installing additional equipment from the Department to resolve the issue. Department referred the issue to the DIT, GOI, and on the directives (May 2009) of the Project Management Unit, GOI refused to release the funds on the grounds that 2Mpbs connectivity upto the Block POPs was to be ensured by the BSNL for which only rental charges were to be paid. Neither the BSNL installed the equipment

[7] Gautam Budhnagar, Ghaziabad, Gorakhpur, Raebareli, Sitapur, and Sultanpur

to the make the POPs operational nor could any penalty be imposed by the Department.

- Without ensuring connectivity from the BSNL exchange NIC installed the network hardware at the 40 POPs which remained unutilised since installation (2008-2009). This is reflective of lack of coordination between NIC and BSNL.

- 2Mpbs Optical Fiber Connectivity (OFC) upto the Block headquarters was to be ensured by the BSNL. However, in the test checked Gorakhpur district, out of 21 POPs commissioned OFC connectivity was provided only at District headquarter, Managed Lease Line Network (MLLN) connectivity was provided in one Tehsil and two Blocks and in the rest 17 POPs non-MLLN connectivity was provided. Absence of OFC not only reduces the speed of the network but also involves installation of one modem for MLLN connectivity and two modems for non-MLLN connectivity.

The Department could not initiate any action or impose penalty against BSNL in absence of SLA which is reflective of lack of planning at the highest level.

In reply, the Government stated (November 2010) that agreement with the BSNL was signed (November 2010) and that with the NIC was under process.

2.4.7.3 Non-operation of Common Service Centres (CSCs)

The front-end interface of the NeGP with the rural citizens were the CSCs through which the Government services along with the other value added services were to be delivered to the rural citizens. As per the CSC guidelines approved (September 2006) the State Designated Agency (SDA) i.e. Centre for e-Governance was responsible for the overall management and monitoring of the scheme. SDA was to select Service Center Agencies (SCAs) from the private sector, through a bid process, for a period of 5 years (one year for rollout and four years for operation) on 'Public -Private Partnership (PPP)' model. Request for Proposal (RFP) for bids was to be finalized in consultation with Infrastructure Leasing & Financial Services (IL&FS) consultants appointed by DIT, GOI as National Level Service Agency (NLSA). The NLSA was responsible for conceptualization, as also all operational and implementation activities for the project. These centres were to be established by Village Level Entrepreneur (VLE) recruited by the SCAs in a village each selected among cluster of six revenue villages.

As per the RFP finalized by the NLSA, CSCs would generate 75 percent of revenue from Business to Citizen (B2C) services and 25 percent revenue from G2C services. As per the Master Service Agreement (MSA) G2C services were stated to be made available to CSCs as and when available.

The State selected four private companies as SCAs and MSA with seven SCAs was signed (April 2008) to establish 17909 CSCs in seven zones (Agra,

Bareilly, Faizabad, Kanpur, Lucknow, Moradabad and Varanasi) of the State. As per Government Order (GO) (May 2008) 25 *per cent* of the targeted CSCs were to be established in four phases as detailed in **Table 1**.

Table 1: Target for CSCs establishment

Phase	CSCs to be established	To be completed by
I	4,477	08/09/2008
II	4,477	08/10/2008
III	4,477	09/01/2009
IV	4,478	08/04/2009
Total	**17,909**	

(Source: Centre for e-Governance)

However, only 4909 CSCs could be established in four zones (Kanpur, Lucknow, Moradabad and Varanasi) as Contract Agreements of three zones (Agra, Bareilly and Faizabad Zone) were terminated by the Department on grounds of non-performance by the SCAs in establishment of the CSCs as per the targets. Status of four SCAs as of March 2010 is detailed in **Table 2.**

Table 2: Target and Rollout of CSCs

Sl.No.	Service Centre Agency	Targeted CSCs	Rollout CSCs (upto 29-03-10)
1.	SREI Infrastructure Finance Ltd.	8,118	3,612
2.	CMS computer Ltd	3,382	1,297
	Total	**11,500**	**4,909**
3.	3i Infotech Ltd.	1,688	Contract terminated
4.	Comet Technology Ltd	4,721	
	Grand Total	**17,909**	**4,909**

(Source: Centre for e-Governance)

The reason for non-establishment of the CSCs in the rural areas was attributable to non-viability of the CSC in absence of the G2C services. The SCAs viewed that G2C services were the core component of the CSC project and without rolling out of such services, CSCs cannot survive and attract the village entrepreneurs as well as bankers to invest in the project.

On the issue of non-viability of CSCs in absence of G2C services as brought up in the Minutes of the Meeting (July 2009) under the chairmanship of Principal Secretary IT & Electronics, the consultant were directed to re-conduct the study in respect of revenue support to CSCs and provide fresh data. The fact shows that the conceptualization done by Consultant IL& FS that CSCs would survive on B2C services was not based on ground conditions.

Even in the six e-Districts where G2C services were available, the establishment and operation of CSCs was below the targets as detailed in **Table 3.**

Table 3: Status of CSCs in e-Districts

District	Targeted CSCs	Opened	Number of operational CSC delivering e-district services
Sitapur	394	126	27
Raebarely	297	93	40
GB Nagar	62	SCA ruled out due to non-performance	
Gaziabad	95		
Sultanpur	426		
Gorakhpur	555	147	61
Total	**1,829**	**366**	**128**

(Source: Centre for e-Governance)

The SCA (SREI SAHAJ Ltd) for Gorakhpur and Raebareli districts in his letter (October 2009) addressed to the Principal Secretary, IT & E stated that in Gorakhpur district the VLEs were not getting proper response from the concerned Government authorities and in Raebareli district G2C services were only available in two tehsils i.e. Raebareli Sadar and Lalganj out of the seven Tehsils. This shows that effective support at the district level was not available to the CSC operator.

Thus, the primary objective of the CSC scheme to provide Government and Private services to the common man in his locality without having to visit the District/Tehsil and Block offices, could not be achieved as targeted CSCs could not be made operational in the absence of non availability of G2C services, thereby depriving the rural citizens easy and faster access to information and services.

In reply, the Government stated (November 2010) that as per the commitment given by the SCAs of the four zones to the GOI remaining CSCs, out of 11,500 targeted CSCs, shall be established by March 2011. The bidding process for selection of new SCAs for the three zones has been started and the remaining 6,409 CSCs shall be established by December 2011.

2.4.7.4 Non-establishment of State Data Centers (SDC)

State Data Centre (SDC), identified as one of the important element of the core infrastructure for supporting e-Governance initiatives under the NeGP, to consolidate services, applications and infrastructure to provide efficient electronic delivery of G2G, G2C and G2B services. The key functionalities to be provided by the SDC were Central Repository of the State, Secure Data Storage, Online Delivery of Services, Citizen Information/Services Portal, State Intranet Portal, Disaster Recovery, Remote Management and Service Integration etc. SDCs would also provide better operation & management control and minimize overall cost of Data Management, IT Resource Management, Deployment and other costs.

The SDC project of the State was approved (April 2008) by DIT, GOI and ₹ 4.20 crore was released (March 2008). The State was to appoint Consultant for the SDC project to assist in preparation of DPR, complete bid process management and commissioning of the SDC. Service provider (Data Centre

Operator) was to be selected to establish and operate the SDC for the initial five year However, the agreement with the consultant M/s Wipro Ltd. for a period of two years, was signed (February 2009) after a lapse of one year and as of July 2010 the bid process for selection of service provider was under process. Thus, even after a lapse of more than two years from the date of release of funds the process for selection of service provider could not be finalized.

In absence of the SDC, NIC server was being used for storage and delivery of e-District services. DM Sitapur stated (July 2009) that due to slow or down NIC server difficulty was being faced in delivery of services as the response time was slow.

In reply, the Government stated (November 2010) that bid process management was complete and the Data Centre Operator has been selected (September 2010). The reasons for delay were attributable to change in selection of firm for bid evaluation process by GOI, too many parameters in selection process and the new consultant took time to understand the RFP documents.

2.4.7.5 State Service Delivery Gateway

The project aims at setting up a State Gateway called SSDG which would be part of the State Data Centre to ensure interoperability between the various departmental applications at the back end and connect the CSCs or other delivery channels at the front end to provide centralized online service delivery to the citizens. Request for Proposal for the selection of implementing agency was under process as of August 2010. In absence of the SSDG the objective of providing any time any where access to information and service could not be achieved.

In reply, the Government stated (November 2010) that the work on SSDG has been started and NIC has been nominated as implementation agency.

2.4.7.6 Capacity building

The Capacity building roadmap of the State, prepared under the NeGP, addresses the need to build capacities to effectively and efficiently implement the e-Governance roadmap of the State. To meet the capacity needs at the policy, functional, technical and operational levels, commercial bids from four GOI empanelled agencies were received in December 2008. Out of these four, M/s Wipro Ltd. was selected in March 2009 to provide seven experts in the field of Programme/Project Management, Change Management, Technology Management and Financial Management but agreement was executed in October 2009. However, M/s Wipro failed to provide the experts as such the contract agreement was terminated (January 2010) and fresh bids were invited (February 2010) which were not finalized as of August 2010.

Thus, delay in finalization of agencies to provide experts for effective implementation of e-Governance in the State resulted in undue delay in implementation of capacity building programme.

In reply, the Government stated (November 2010) that performance bank guarantee of Wipro has been invoked and other steps in Capacity Building were being taken.

2.4.7.7 State Mission Mode Projects

Under the NeGP, 27 projects were to be implemented in a mission mode. Implementation in Mission mode implies that the objective and scope of the projects are clearly defined and they have measurable outcomes (Service levels) as well as defined milestones and timelines for implementation. For the State MMPs the Nodal Central Line Ministry/Department would frame the broad policy guidelines and facilitate project formulation but the actual implementation would be done at the State level and the State will be the ultimate owner of the project.

The Department had identified 17 MMPs viz. Revenue, Tax and Registration, Transport, Agriculture, Home, Finance, Urban Development, Panchayati Raj, Labour, Medical and Health, Food and Civil Supply, Social Welfare, Woman Welfare and Child Development, Backward Class Welfare, Minorities Welfare, Secondary Education and Handicap along with their services. The 'AS-IS' study on Information Technology usage and level of computerization achieved by the Departments was carried out by M/s Price Water House Coopers', during 2006-07. The Departments were to prepare Detailed Project Reports (DPRs) for submission to the Nodal line Ministry/Department, GOI. However, the DPRs of all the MMPs are still under preparation and not been forwarded to the GOI for approval as of August 2010.

Thus, even after three years of AS-IS study the Departments failed to submit the DPRs which not only defeated the objective of fast implementation of projects as envisaged in the e-Governance vision of the State but also deprived the citizens of easy access to the Government services.

In reply, the Government stated (November 2010) that DPR of Trade Tax department was sanctioned by the GOI and the rest were being sent to GOI for administrative and financial approval.

2.4.7.8 Non-utilisation of funds

All the components under the NeGP scheme are 100 *per cent* funded by GOI either in the form of ACA (Additional Centre Assistance) or Grants-in-Aid (GIA). The ACA is routed through State budget where as GIA is transferred to State Designated Agency i.e. Centre for e-Governance directly by GOI. Details of funds received and expenditure incurred since inception upto 31 March 2010 are detailed in **Table 4**.

Table 4: Financial position

(₹ in crore)

Sl. No	Project	Received as Grant-in-Aid	Received from State plan fund under ACA	Total receipt since inception	Total Expenditure (March 2010)	Unspent balance
1.	SWAN	0.00	40.79	40.79	40.62	0.17
2.	State Data Centre	4.20	7.04	11.24	0.20	11.04
3.	Common Service Centre	35.50	10.00	45.50	0.21	45.29
4.	e-District	15.32	0.00	15.32	14.60	0.72
5.	Capacity Building	2.18	3.83	6.01	0.66	5.35
6.	State Service Delivery Gateway	7.49	0.00	7.49	0.0	7.49
	Total	**64.69**	**61.66**	**126.35**	**56.29**	**70.06**

(Source: Centre for e-Governance)

Against the total receipt of ₹ 126.35 crore, maximum utilization of ₹ 56.29 crore has been on establishment and implementation of SWAN and e-District scheme. Thus, even though funds were available, the same could not be utilized effectively as the planning process for implementation and operation of schemes was delayed.

2.4.8 Acquisition and implementation of IT infrastructure

2.4.8.1 Acceptance and installation without proper receipt

NIC through NICSI was to provide all the hardware and to coordinate with all the suppliers/vendors for timely procurement and installation of the hardware and software. However, it was observed in Audit that hardware equipment were procured by NICSI centrally from its headquarters at Delhi and delivered directly to the concerned units. At the test checked districts it was observed that delivery challans and installation note were not properly documented and kept in an ordered way. Scrutiny of delivery challans and installation note available at Raebareli district revealed that installation notes were neither signed nor date of installation was mentioned. Similarly on the delivery challans sign, date and seal of the person receiving the goods was missing.

2.4.8.2 Non-acceptance testing of hardware

Acceptance testing of the hardware installed at POPs was to be done by the M/s TCIL Ltd., technical consultant for the SWAN project. However, no acceptance reports were available at the District or State level. As per Minutes of Meeting (June 2009) under the Chairmanship of Principal Secretary, IT & E, directions were issued to NIC to provide all sanctioned bills of materials under SWAN, installed hardware details and testing reports of hardware to M/s TCIL for verification. In absence of the same it could not ensured weather the hardware procured were in conformity with the specifications in the configurations as identified in the agreement.

In reply, the Government stated (November 2010) that selection process for Third Party Audit (TPA) has been initiated and acceptance testing shall be jointly done by NIC, TCIL and the selected TPA.

2.4.8.3 Non-availability of maintenance funding for SWAN

As per the SWAN guidelines DIT, GOI was to support the entire cost of establishment, operation and maintenance of the SWAN for a period of five years on 100 percent grant basis. Maintenance funding was to be done for maintenance and upkeep of the infrastructure and adequate arrangement for diesel to ensure desired level of uptime of the network. NIC was responsible for maintenance of the POPs and as per the estimation done by NIC ₹ 10 crore per annum was required for diesel in the State. On request (August 2009) of the State Government DIT, GOI allowed utilization of savings amounting to ₹ 6.50 crore, under SWAN for meeting diesel expenses up to 31 March 2010. However, at the test checked districts it was observed that no maintenance funding was done nor adequate arrangement made for diesel. Power supply was the major constraint faced by the District authorities in making the system operational continuously during the office hour. Although Stabilizers, UPS and generators (2009-10) were provided under the SWAN project, in absence of power supply and adequate diesel the same could not be put to operational use optimally, thereby jeopardizing the entire electronic process flow as envisaged.

In reply, the Government stated (November 2010) that few components required for maintenance were left in the original plan which were being incorporated additionally.

2.4.8.4 Non-utilisation of Hardware

Under the e-District scheme, Biometrics machines (30) were procured for ensuring double security system along with digital signatures for the sanctioning officers responsible for the delivery of services. However, none of the machines were installed and put to use in the test checked districts as the concept of using them was dropped subsequently. This was reflective of the inadequacies in planning stage at the time of acquisition and mapping of the business process to be adopted.

Scanners were provided to six e-Districts for capturing of the attached documents with the citizens applications and transmission of the same online to the process authorities for speedy disposal. However, it was observed in Jan Suvidha Kendra, Sitapur district that scanners were not used for scanning, instead the application were forwarded manually to the process authorities. Thus, the scanners could not be utilized for the purpose for which they were procured.

In reply, the Government stated (November 2010) that currently Bio-metric devices are not being used as second layer of security and may be used in future.

2.4.8.5 Non-establishment of LAN and LABs at District, Tehsil and Blocks

Under e-District scheme, funds were provided (November 2009) for establishment of LAN at District/*Tehsil* and Blocks and establishment of Labs (civil infrastructure) at *Tehsils* headquarters (Gorakhpur: ₹ 13.90 lakh, Raebareli: ₹ 14.30 lakh and Sitapur: ₹ 12.60 lakh). However, it was observed that in none of the three test checked districts establishment of LAN or the labs were established as of July 2010. As a result, Departmental connectivity could not be ensured at the District/*Tehsils*/Blocks which affected the service delivery. Due to non-establishment of labs the hardware equipment were being kept at the Tehsil headquarters in unhygienic conditions without any proper wiring and protection from dust.

In reply, the Government stated (November 2010) that provision for LAN was under implementation.

2.4.8.6 Inadequate IT security measures

IT security measures as observed at the test checked districts revealed the following:

- At the District *Jan Suvidha Kendra*, Raebareli, Internet browsing facility was enabled for the private operators using the e-District application software. As the operators were only engaged for using the application software, internet surfing facility should have been disabled to protect the system from viruses and undue load on the bandwidth connectivity.
- The Operating System (OS) installed on the machines acquired for installation at the District, *Tehsil* and Block level were pre-installed with Microsoft Vista OS, however, later on the Vista OS was replaced with the Windows XP (Service pack-2) by local arrangement made by NIC as the functionalities of Vista OS were non-compatible with other hardware items. This shows that planning for best compatible configuration was not done prior to acquisition of IT systems.
- In absence of any documented password policy users were using the default passwords in the three test checked districts[8]. As per the minutes of the meeting (10 February 2010) under chairmanship of DM Raebareli observed that user_ids and passwords provided to SDM, *Tehsildars* and *Lekhapals* were being shared with operators of the *Jan Suvidha Kendra*. Thus, the very objective of creating passwords was defeated.

2.4.8.7 Non-observance of severity levels

As per SWAN guidelines Severity level, initial response time and Issue resolution time were defined under Network Operations Management as detailed in **Table 5**

[8] Gorakhpur (754), Raebareli (97) and Sitapur (01)

Table 5: Severity levels

Severity level	Initial response time	Issue resolution time
SL 1	15 minute	1 hour
SL 2	30 minute	2 hour
SL III	60 min	8 hour

(Source: SWAN guidelines)

However, scrutiny of complaint data consisting of 4517 records obtained (17-06-2010) from State NIC Unit, revealed that out of 4517 complaints received from the State in respect of SWAN, 3946 cases were resolved and 571 cases were still pending to be resolved ***(Appendix-2.4.2).*** Age-wise analysis of pending complaint cases ***(Appendix-2.4.3)*** revealed that 34 *per cent* of the complaint cases were pending for more than 180 days which shows that issue resolution time was not followed.

Similarly, age-wise analysis of resolved cases revealed that only 16 *per cent* of the complaints were resolved within same day. 135 cases were resolved after lapse of 180 days ***(Appendix–2.4.4)***, which clearly shows that effective monitoring and follow up action was not initiated for speedy rectification of defects.

In reply, the Government accepted the facts for compliance in future.

2.4.9 Delivery of services

2.4.9.1 Service delivery through e-District

The e-District project was identified as a Mission Mode Project and was approved in July 2006. The duration of the project was 18 months which was extended up to March 2010.

The e-District scheme focuses on e-enabling the delivery of majority of citizen centric services that are administered by the District Administration. The project scope was to integrate various departments of the districts to provide seamless services to the citizens. The objectives of the e-district included backend computerization to enable efficient delivery of government services and to proactively provide a system of spreading information on the Government schemes, planned developmental activities and status of current activities. The first phase (September 2007 to August 2008) was to be implemented in the six pilot districts, viz., Gautambudh Nagar, Ghaziabad, Gorakhpur, Raebareli, Sitapur and Sultanpur. The second phase (further 2 years) was to be implemented in whole of the state. Front ends under the scheme were only to be built at District, Tehsil and block level, in the form of citizen facilitation counters termed as 'Jan Suvidha Kendra'.

As per the e-District guidelines a core of six services were identified at the National level to be implemented by the States. The State could add four additional citizen centric services for implementation. State identified 10 services/32 sub services as citizen centric services under the e-District scheme. However, only 22 services could be enabled by the State as of August 2010.

Test check of three districts revealed that out of the 22 services enabled only 18 were available at District Raebareli and Sitapur and only 15 at Gorakhpur district. The status of e-services in the test checked districts revealed that only half of the services out of the total identified could be enabled (***Appendix-2.4.1***), as given in **Table 6**.

Table 6: Enabled services in e-Districts

District	Service Selected under e-district	Service enabled	Number of services for which applications were received	Number of services for which applications received were less 500 in numbers	Number of services for which applications received were less 50 in numbers
Sitapur	32	18	14	8	4
Raebareli	32	18	13	6	2
Gorakhpur	32	15	11	6	3

(Source: NIC data base)

From the above figures it is clear. that, out of the services enabled only in three Certificate services viz. Caste, Domicile and Income administered directly by the district administration satisfactory applications were received, whereas services pertaining to other departments applications were even less than 500 viz. Employment, Handicap certificate, handicap pension, New ration card, Old age pension.

Table 7: Status of six services selected under e-Districts

District	Applications received	Approved	Rejected	Pending
Caste				
Sitapur	112427	99945	4878	7604
Raebareli	51478	46272	2100	3106
Gorakhpur	16499	14215	1547	737
	180404	**160432**		**11447**
Domicile				
Sitapur	68128	60417	4587	3124
Raebareli	32552	29284	2474	794
Gorakhpur	19460	18062	785	613
	120140	**107763**	**7846**	**4531**
Widow pension				
Sitapur	419		294	112
Raebareli	374	01	248	125
Gorakhpur	120		97	23
	913		**639**	**260**
Old Age				
Sitapur	314			61
Raebareli	276			35
Gorakhpur	101			19
	691			**115**
Ration card (Card preparation and handing over of card done manually)				
Sitapur	01		01	
Raebareli	2870	358	2397	115
Gorakhpur	-	-	-	-
	2871	358	2398	115
Grievance				
	No applications received in the three test checked districts.			

(Source: NIC data base)

Thus, from above figures except for Caste and Domicile service percentage of receipt of application was very low. Reason being non-approval of applications through service center Scrutiny of records of District Probation Officer, District Social Welfare Officer, District Supply Officer of Gorakhpur district revealed that in absence of online connectivity processing of application was done manually. Processing of Ration cards in district Raebareli was also done manually partially. As printing of Ration Cards has not been made operational yet.

The Government accepted (September 2010) the facts and figures.

2.4.9.2 Ineffective service delivery process

The Business Process adopted for service delivery through the electronic process flow was uniform for all the pilot e-Districts as detailed below:

- The citizen has to make a request on-line by filling e-application form on a service delivery point and will get a unique receipt number as acknowledgement of his application. Applicant photograph was to be taken through web camera and specific documents required for a particular service were to be scanned and attached with the application form and forwarded to the process owner of the service.
- The process owner (Approving Authority) receives the online application electronically and verifies the details in the e-District digitized database and after the verification of the facts, the approving authority approves the request of the applicant using his digital signatures. If details are not present in the database manual verification is carried out.
- The application approved is reverted back to the service delivery point for delivery electronically. In case of rejection of request, the process owner cites the reason for rejection using his digital signature.
- The citizen gets digitally signed document from service delivery point on the specified date of delivery.
- The output document bears a unique ID along with a website address to verity its authenticity.

However, shortcomings observed in the test checked districts are detailed in succeeding paragraphs.

2.4.9.3 Non-uniform approach in forwarding of applications

In Sitapur district it was observed that only the applicant's photograph was being taken and attached on the electronic form. The application form along with the attachments was manually forwarded to the process authority on a daily basis, for verification and disposal. In Gorakhpur district, the entire application form was being scanned and sent to the process authority for disposal and web cameras were not used for taking photograph. Thus, the

electronic process flow for speedy disposal of the case was not followed uniformly and manual intervention still existed in district Sitapur thereby defeating the very purpose of e-Governance.

In reply, the Government stated (November 2010) that common process would be adopted during final roll out in the State.

2.4.9.4 Non-observance of escalation matrix

Provision for Escalation matrix (forwarding of application to the next higher authority after expiry of service level period) was to be incorporated in the application software as per the GO issued in 2008.

However, provision for escalation was not incorporated in the application software as a result large number of applications was processed after the service level specified. In the three test-checked districts it was observed 33 to 50 *per cent* applications were disposed off after the service level period. Details are given in **Table 8**.

Table-8: Services delivered after service level period

Applications disposed (approved/ rejected)	Service	Service period defined	Applications Disposed after SLA	Age delay one week	Delay one month	Delay 90 days	Delay above 90 days (maximum)
168957	Caste	7 working days	85571 (50 *per cent*)	40783	37107	6921	760 (373 days)
120140	Domicile	-do-	50845 (42 *per cent*)	26239	18468	4298	1840 (412 days)
691	Old Age Pension	-do-	229 (33 *per cent*)	29	67	101	32 (137 days)
913	Widow pension	-do-	440 (48 *per cent*)	62	151	173	54
	Ration Card	No disposal date captured in the database as Ration cards as full electronic process was not adopted for the service.					

(Source: NIC data base)

Thus, citizens expectation for easy and faster information access were not fulfilled.

In reply, the Government stated (November 2010) that now the provision of escalation matrix has been enabled.

2.4.9.5 Non-utilisation of digitized database

- In all the test checked three districts it was observed that the process authorities were not logging to the e-District database created for speedy disposal of cases instead applications were forwarded to the Lekhpal for physical verification. Further more on doing the physical verification the details so obtained were not updated in the e-district database by the process authorities although the same was specified to be done on monthly basis. On data digitization in Raebareli (₹ 42 lakh), Sitapur (₹ 43.24 lakh) and Gorakhpur (₹ 30 lakh) district ₹ 115.24 lakh was incurred. Thus, in

absence of updating of the database not only the database authenticity depleted but also speedy disposal could be done as envisaged.

- NIC stated that non-access of digitized data was due to poor quality of data as such re-verification of digitized data base was required. However, as per the Agreements executed with the firms for data digitization, data accuracy of 98 *per cent* was to be ensured. Accuracy less than 95 *per cent* and above 90 *per cent* 30 *per cent* penalty was to be imposed and in case of less than 90 percent accuracy breach of contract was specified. In the test checked districts correctness of data was certified by the concerned departments and no penalty was imposed on the firms. The fact shows that digitized data was certified without proper checking.

- Revenue court case data (viz. cause list generation, final orders copy) were digitized and uploaded on the system. However, in all three districts test checked updating of the same has not been done. In absence of the same up to date position of court case service delivery was not available to the citizens.

The Government accepted (November 2010) the fact for future compliance.

2.4.9.6 Duplicity in databases

Under the e-District Scheme, manual records pertaining to various departments (Pariwar register, Birth and Death certificate, Pension certificates etc) were digitized. However, in all the test checked districts, departments providing widow pension, old age pension and handicap pension were using their own database for verification instead of the e-District database. Thus, two different sets of databases were created due to lack of coordination and planning.

The Government accepted (November 2010) the fact for future compliance.

2.4.9.7 Non-documentation of System Requirement Specification (SRS)

The SRS document is necessary as it captures all the requirement of the system and depicts the process flow for input, processing and output. System Design Document (SDD) and development of application software are based on the functionalities specified in the SRS. The SRS was to be developed by NIC in consultation with the consultants engaged for the e-District scheme. However, no documented SRS was available with the NIC responsible for development of the application software. In absence of the SRS complete functionalities of the application software could not be examined. However, following discrepancies were observed during analysis of e-district database.

- Service time for disposal of the application was specified as seven working days. The target date for disposal of application was generated by the system based on the service time. However, analysis of table (Caste Certificate) revealed that in 6,437 out of total 1,80,404 applications the target date was above 10 days (3 days margin for holidays) ranging from

11 to 342 days. This shows that either the dates were modified or the programmed logic was incorrect.

- Analysis of table containing details of Caste Certificates revealed that in 3767 out of 180404 applications received, no target date was captured showing that although the application was received but were not forwarded to the process authorities. Year-wise details of three test checked districts are given **Table 9**.

Table 9: Year wise details of application not forwarded

District	Number of applications	Year 2008	2009	2010
Sitapur	3205	18	1376	1811
Raebareli	428	-	159	269
Gorakhpur	134	-	38	96

(Source: NIC data base)

- There was no mapping of the area specified to the Lekpal (*halka* number) with the revenue village as such process authorities were marking the applications by going through the manual list as such during forwarding of the applications there was undue manual intervention and delay further possibility of erroneous marking of applications could also not be ruled out.
- MIS reports generated by the system were found to be incorrect which shows that application software was installed without proper testing.

The Government accepted the facts for future compliance.

2.4.10. Monitoring and Evaluation

2.4.10.1 Lack of Bandwidth utilization

NIC was also responsible for monitoring the uptime of the POPs (availability) bandwidth utilization (data flow) under SWAN. As per the SWAN guidelines, availability was to be ensured at 97 *per cent*. In the test check districts, it was observed that availability ranged between 88.36 to 93.86 *per cent* at the District core and 13.08 to 83.67 *per cent* between District/Tehsil/Block as detailed in **Table10**. However, bandwidth utilization ranged between 10.52 to 34.73 *per cent* at the District core and only 0 to 4.50 *per cent* between District/Tehsil/Block. Thus, in spite of availability of POPs, the bandwidth utilization was very low, which shows that effective measures were not taken at the highest level to promote electronic process flow.

Table 10: Details of Bandwidth utilization

District	Availability range (District/Tehsil/Block) (in percentage)	District Core	Bandwidth utilization range (in percentage)	District core
Sitapur	22.37 to 80.06	88.36	0 to 3.97	34.73
Raebareli	22.99 to 83.41	93.57	0.02 to 4.50	22.98
Gorakhpur	13.08 to 83.67	93.86	0 to 3.90	10.52

(Source: NIC data base)

In reply, the Government accepted that facts and stated (November 2010) that band width utilization would increase once SSDG and e-District roll out takes place.

2.4.10.2 Non-monitoring of established CSCs

As per the instructions issued by the GOI (November 2009), for establishing rollout of a Centre (CSC) either the centre is to be certified by the respective Block Development Officer or installation of online CSC monitoring tool on it. However, out of 2830 Monitoring Tool IDs generated for two SCAs only 1668 CSCs were registered (November 2009) with the online monitoring tool. None of the CSC was verified by the BDOs. In absence of the same exact number of CSCs rolled out in the State could not be verified. It also shows that no effective measures were taken by the State to verify the number of CSCs rolled out by the SCAs.

The Government accepted (November 2010) the facts and issued fresh GOs to all District Magistrates for verification of CSCs.

2.4.11 Conclusion

Even after lapse of four years since launch of NeGP, the objectives of the scheme could not be achieved as the readiness of the State Government for successful establishment of pre-requisites like IT core infrastructure remained unaccomplished and made operational. SWAN network could not be utilized optimally in the absence of availability of Government to Citizen Services, incomplete rollout of CSCs in rural areas. Department failed to make use of the services of technical experts for implementing e-Governance in the State under Capacity Building project. Interconnectivity between various departments for information sharing and service delivery could also not be achieved in absence of finalization of DPRs of the State MMPs.

Non-utilisation of digitized database and duplicity of database defeated the very objective of the e-Governance and non-operation of centralized SDC. The objective of selection of people's centric services was not fulfilled as there were less than 50 e-applications in two to four services in Gorakhpur, Sitapur and Raebareli test-checked districts. Thus, selection of services for e-governance was not based on people's need. Non-observance of escalation matrix in application software defeated the monitoring by higher authorities.

Non-verification and inspection of CSCs actually rollout and made functional was the result of lack of monitoring by higher authorities.

Thus, the end user outcome viz. availability of any time any where access to Government services as envisaged in the NeGP guidelines could not be achieved due to ineffective project planning, implementation and monitoring.

The matter was referred to the Government (August 2010); replies were received (November 2010). The Government accepted (November 2010) the recommendations.

2.4.12 Recommendations

The Department should:

- take steps to execute Service Level Agreement with the NIC and BSNL, ensure maintenance funding for SWAN for its effective implementation and operation,
- take effective steps to enable all services identified under the e-District scheme, ensure utilization and updating of data digitized under the scheme;
- ensure provision of requisite general application controls to maintain data integrity alongwith proper provision for backup and recovery of the crucial data;
- monitor closely data entry work as most of the inaccuracies in data arise at the data entry stage;
- ensure that the staff engaged in implementation of the computerisation project is properly trained.