CHAPTER 3

AUDIT OF TRANSACTIONS

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

3.1 Non-compliance with the rules

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriation and frauds, but helps in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are as under:

SOCIAL JUSTICE AND EMPOWERMENT DEPARTMENT (DISTRICT RED CROSS SOCIETY)

3.1.1 Embezzlement due to inadequate internal control

Embezzlement of ₹ 3,76,250 occurred in District Red Cross Society, Karnal due to non-observance of the provisions of financial rules regarding receipts and deposit of service charges levied for issue of registration certificates of land deeds.

The Indian Red Cross Society (IRC) was constituted (1920) for administration of the various monies and gifts received from the public for the purpose of medical and other aid to the sick and wounded and other purpose of like nature during the war and also for continuation in peace time.

The Punjab Financial Rules (Rule 2.2) as applicable to the Haryana Government and also to Red Cross Societies require a Drawing and Disbursing Officer (DDO) to satisfy himself that all the monetary transactions are entered in the cash book as soon as they occur and the same are attested by him. In case an employee, who is not in charge of the cash book, receives money on behalf of the Government, he is required to remit the same to the employee having a cash book or deposit the amount into the treasury/bank on the same day or in the morning of the next day. The head of the office is also required to verify all the entries including totals of all the

entries in the cash book or have this done by some responsible official other than the writer of the cash book and initial all entries as correct.

The Government, in contravention of the provisions of the constitution of the IRC, decided (October 2000) to implement the Haryana Registrations Information System (HARIS) through the District Red Cross Societies (DRCS). Accordingly, the work of computerisation of land records and issue of registration certificates of different types of deeds[1] under the system was entrusted to the DRCSs. Service charges[2] at the rate of ₹ 200, ₹ 150 and ₹ 100 for providing these services, in addition to the fees fixed by the Government for the same services through the Revenue Department, were fixed for issue of registration certificates of different types of deeds. DRCSs were required to collect the service charges and issue receipts in duplicate to the concerned persons. The amounts so collected were required to be deposited with the bank on the same day or the latest by the next day. The DRCSs were required to maintain district as wells as tehsil-wise detailed records of service charges collected on daily, monthly and yearly basis.

Scrutiny (December 2010) under Section 20(1) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Services) Act, 1971 of the records of DRCS, Karnal revealed that the Registry clerks of tehsils collecting service charges on behalf of the DRCS from the general public were depositing the same with the cashier of the DRCS either themselves or through Data Entry Operators (DEOs). Details of amounts collected during a month were never called for by the DRCS from the tehsils to ensure that amounts of service charges collected from the public tallied with the amounts deposited by the Registry clerks/DEOs. It was also not ensured as to whether the entire money collected by the Registry clerks/DEO was deposited with the cashier or not. Comparison of service charges collected in the test check of two Tehsils (Assandh and Nissing) during the period from 2001-02 to November 2010 revealed that against ₹ 67,44,850 collected from the general public as service charges, only ₹ 63,68,600 was deposited with the DRCS, Karnal. This resulted in short deposit of ₹ 3,76,250 which tantamounted to embezzlement by the Registry clerks/DEOs who collected the service charges. The DEO in Assandh tehsil, had not even rendered accounts in respect of receipt books bearing numbers 94951-95000, 95001 to 95051 and 100951 to 101000.

On this being pointed out, the Secretary, DRCS, Karnal, while admitting these facts, stated (April 2011) that the defaulting officials had deposited

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1 (i) Sale, conveyance, gift, exchange, decrees or order of court, lease, surrender of lease, deed of divorce, deed of power, marriage registration, transfer of lease;
(ii) Mortgage, adoption, authority to adopt general power authority, special power authority, any other document which is incapable of valuation, settlement, release and
(iii) All type of cancellation, will, award, agreement, any other.

2 Service charges for items mentioned in footnote I at Sr. No. (i): ₹ 200, Sr. No. (ii): ₹ 150 and Sr. No. (iii): ₹ 100.

₹ 2,23,600 (December 2010 and April 2011) collected during the period 31 August 2005 to 19 September 2006. The balance amount of ₹ 1,52,650 was still to be recovered. He further stated that the District Revenue Officer, Karnal was requested to fix the responsibility of defaulting officials. The final outcome was awaited.

The Secretary, DRCS, being the DDO, was responsible for ensuring that all the receipts on account of service charges were remitted into Government Accounts and were properly accounted for in the cash books. Thus, the embezzlement occurred due to non-compliance with the provisions of rules and inadequate internal control.

On this being pointed out, the Honorary Secretary, Indian Red Cross Society, Haryana State Branch, Chandigarh reiterated (August 2011) instructions regarding receipt and deposit of service charges to all DRCSs to ensure sound internal control over receipts and deposit of service charges and the reconciliation of accounts of service charges with registration of land sale deeds.

The matter was referred to the Financial Commissioner and Principal Secretary, Government of Haryana, Social Justice and Empowerment Department (May 2011). Reply was not received (August 2011).

PUBLIC WORKS DEPARTMENT (IRRIGATION BRANCH)

3.1.2 Excess payment due to adoption of incorrect wholesale price index of steel

Due to adoption of incorrect wholesale price index of steel, excess payment of ₹ 62.25 lakh was made to a contractor. Further, irregular extension of time given to the contractor resulted in a loss of ₹ 5.35 crore.

The Executive Engineer (EE), Construction Division No. 3, Kaithal, allotted (January 2007) the work of "Construction of Syphon Aqueduct at reach distance (RD) 36100/36555 on Bhakra Main Line–Hansi-Butana Branch-Multipurpose Link Channel, crossing Ghaggar river at RD 134600" to M/s Backbone Projects Limited for ₹ 33.16 crore. The work was required to be completed within 12 months, i.e. up to 31 December 2007. The contract prices for increase or decrease in the rates and prices of cement, steel, fuels and lubricants were required to be adjusted as per formulae given in the contract data. Price adjustment was not applicable for work carried out beyond the stipulated time including extensions granted, for reasons attributable to the contractor. For price adjustment of steel, the all-India average wholesale price index for steel (Bars and Rods) for the quarter under consideration as published by the Government of India (GOI), Ministry of Industrial Development (MID), New Delhi was applicable.

Scrutiny of records of the EE, Construction Division No. 3, Kaithal, revealed that after allotment of work to the contractor, the scope of work was increased from ₹ 33.16 crore to ₹ 48 crore due to modifications suggested by the Indian Institute of Technology, Roorkee in design and drawings of the syphon. The contractor could not complete the work up to 31 December 2007 and the EE extended the time limit up to 31 May 2008. The contractor again failed to complete the work and the Superintending Engineer (SE), Construction Circle, Kaithal extended the time limit up to 31 December 2008. The contractor completed the work in December 2008 and was paid ₹ 48 crore in January 2009, which included ₹ 1.38 crore on account of price adjustment for steel.

It was further noticed that while calculating the price adjustment for steel, the wholesale price index for iron and steel was taken into account instead of the all-India average wholesale price index for steel (Bars and Rods) and against the admissible escalation of ₹ 75.89 lakh, escalation amounting to ₹ 1.38 crore was paid. Thus, incorrect adoption of the wholesale price index for steel resulted in excess payment of ₹ 62.25 lakh to the contractor.

On this being pointed out (27 July 2010), the EE, Construction Division No. 3, Kaithal, while admitting the excess payment, intimated (February 2011) that the Engineer-in-Chief, Irrigation Department, Haryana had constituted a committee of two Chief Engineers, a Chief Accounts Officer, and the SE, Construction Circle, Kaithal to investigate the excess payment. The committee held (January 2011) the then EE responsible for excess payment. The committee also held that the extension in time limit granted beyond May 2008 with price escalation by SE was not in order and seemed to be malafide. The committee consolidated the total loss on this work to ₹ 5.97 crore (₹ 4.80 crore due to non-levy of liquidated damages, ₹ 0.55 crore on account of inadmissible price escalation of steel, cement and lubricants and ₹ 0.62 crore pointed out by Audit) for which the SE and EE were held responsible.

The EE further intimated that the excess payment of ₹ 62.25 lakh made to the agency due to adoption of the incorrect price index was placed in the miscellaneous advance of the then EE and the cases for recovery were being processed separately. Further action to recover the excess amount paid was awaited (August 2011).

The matter was referred to the Financial Commissioner and Principal Secretary, Government of Haryana, Public Works Department (Irrigation Branch) (April 2011). Reply was not been received (August 2011).

3.2 Propriety audit/unjustified expenditure

Authorization of expenditure from public funds is to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce

financial order and strict economy at every step. Audit has detected instances of impropriety and extra expenditure, some of which are given hereunder:

PUBLIC WORKS DEPARTMENT (IRRIGATION BRANCH)

3.2.1 Wasteful expenditure on construction of recharge borewells

Borewells constructed by spending ₹ 89 lakh to improve groundwater resources remained non-functional, resulting in wasteful expenditure.

The Government sanctioned (November 2002) a project "Excavation of Rangoi Kharif Channel from RD 0 to 278000 outfalling at RD-24500-R Darba Ghaggar Drain in Fatehabad district and linking with river Ghaggar" for ₹ 34.43 crore under NABARD RIDF-VIII[3] Part-I. The objective of the project was to provide irrigation facilities during the Kharif season to the surrounding areas of Fatehabad district and to improve the groundwater resources by recharging the same. To improve and maintain the stability of groundwater, provision of 325 bores in the bed of Rangoi Nallah and Rangoi Kharif channel at suitable intervals for recharging of groundwater was made. Accordingly, the Chief Engineer (Construction), Irrigation Department in October 2005 sanctioned four estimates for constructing 168 recharging wells at a cost of ₹ 1.29 crore. The Executive Engineer, Nehrana Water Services Division, Sirsa allotted the work to an agency in January 2006. The agency constructed 116 recharging wells during 2006-07. An expenditure of ₹ 89 lakh was incurred on the work up to March 2007.

Scrutiny of records revealed that after completion of the work of construction of 116 recharging wells, the EE, Nahrana Water Services (NWS) Division, Sirsa transferred (December 2006) the borewells to the EE, Fatehabad Water Services (FWS) Division, Fatehabad in whose jurisdiction the area fell. He, however, refused (May 2007) to take charge of the wells as these were non-functional due to deposit of silt and weeds in the bed of drain over borewells and had not served the desired purpose. The matter remained under correspondence between the two divisions but no action was taken to make these recharging wells functional despite repeated directions from the Engineer-in-Chief as well as the district administration. Thus, the



RD 96000 Rangoi Kharif Channel showing silt/ grass on Recharge Well

[3] National Bank of Agriculture and Rural Development; Rural Infrastructural Development Fund.

recharging wells, constructed at a cost of ₹ 89 lakh, remained non-functional and were lying abandoned since their construction.

On this being pointed in audit, the EE, NWS Division, Sirsa stated (August 2011) that the EE, FWS Division, Fatehabad got the recharge bores examined and tested for revival from the Central Soil and Salinity Research Institute, Karnal, which stated that this type of recharge wells were not feasible for flood water and suggested that the recharge borewells were not fit for revival.

Thus, the construction of the borewells by the department without assessing their utility and subsequently abandoning the same, rendered the expenditure of ₹ 89 lakh wasteful. The intended purpose of the scheme to recharge the underground water was also not achieved.

The matter was referred to the Financial Commissioner and Principal Secretary to Haryana Government, Public Works Department (Irrigation Branch) in April 2011. Reply was not received (August 2011).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS BRANCH)

3.2.2 Undue financial aid to contractor

Injudicious decision of the Executive Engineer, Provincial Division, Kaithal of making payment to an agency during the process of termination of a contract and non-recovery of mobilization advance as per terms and conditions of the agreement resulted in undue financial aid of ₹ 47.93 lakh, and non-recovery of ₹ 3.99 crore.

The Executive Engineer (EE), Provincial Division, Kaithal allotted two works viz 'Construction of two lane approaches of Railway overbridge in place of existing level crossing at kilometre 200.230 near Railway Station, Kaithal on Kaithal-Assand Road' (Work A) and 'Upgradation of three[4] roads which included their Widening and Strengthening' (Work B) to an agency at an estimated cost of ₹ 19.31 crore and ₹ 15.34 crore in January 2008 and December 2007 respectively. The works A and B were required to be completed within 15 and 12 months respectively from the date of issue of allotment letters. For work A, the agency was required to achieve 15, 35, 55 and 75 *per cent* of the financial progress of the work within three, six, nine and 12 months respectively from the date of starting the work. For work B, at least 12, 38 and 67 *per cent* work of the initial contract price was to be completed in three, six and nine months respectively of the period allowed for completion of the work.

[4] (i) Paharpur to Chakku to Ramthali (Length 7 KM);
(ii) State Highway-11 to Bhunna Agondh Majra (15.8 KM); and
(iii) Kheri Gulam Ali to Kangthali via Paharpur Sair (Length 5KM).

The progress of both the works was very slow and the agencies failed to achieve the milestones fixed despite repeated reminders. Against the target of completing 55 *per cent* work of work 'A' at the expiry of nine months, the agency completed only eight *per cent* of work and against the target of 67 *per cent* of work 'B', only 29 *per cent wor*k was completed during the same period. On failure to complete the works, both the contracts were terminated in January 2009 after levying liquidated damages of ₹ 8.09 crore (₹ 5.47 crore for work A and ₹ 2.62 crore for work B). Besides, ₹ 1.31 crore was recoverable on account of mobilization advances (₹ 0.73 crore for work A and ₹ 0.58 crore for Work B). After adjustment of bank guarantees (₹ 3.70 crore), security deposits (₹ 0.28 crore) and value of work done (₹ 1.08 crore), ₹ 4.34 crore (₹ 4.17 crore for work A and ₹ 0.17 crore for work B) was to be recovered from the agency, of which only ₹ 0.35 crore was recovered in Provincial Division No. 2, Sonipat. The balance ₹ 3.99 crore had not been recovered (August 2011).

Scrutiny (September 2010) of records of the EE, Provincial Division, Kaithal revealed that while the action to terminate the contract agreements of the agency was under process since November 2008, the EE released the payments of ₹ 45.56 lakh (₹ 13.94 lakh for work A and ₹ 31.62 lakh for work B) in December 2008. It was further revealed that against the mobilsation advance of ₹ 7.10 lakh due for recovery for work 'A', only ₹ 4.73 lakh was recovered from the running bills, resulting in less recovery of mobilsation advance of ₹ 2.37 lakh. Thus, releasing of payments during the process of termination of contract and non-recovery of mobilization advance as per terms and conditions of agreements tantamounted to undue financial aid to the agency.

On this being pointed out, the EE stated (September 2010) that the payments were made to the agency to encourage them to complete the work. The reply is not acceptable as the process to terminate the contracts on the failure of the agency to achieve the prescribed milestones was in the knowledge of the EE. Thus, the decision to release the payment was not judicious and resulted in undue financial aid to the agency.

The matter was referred to the Financial Commissioner and Principal Secretary to Government Haryana, Public Works Department (Buildings and Roads Branch) (April 2011). Reply was not received (August 2011).

3.2.3 Extra expenditure on construction of Industrial Training Institute building

Failure of the department to provide a clear site for construction of an Industrial Training Institute building at Sohna within a reasonable time resulted in extra expenditure of ₹ 1.09 crore on retendering.

The Manual of Orders of the Buildings and Roads Department (Paragraph 6.15) provides that before taking up a project for construction of a building, the site of the building should be settled prior to preparation of detailed design and

estimates. After the site has been selected and approved by the concerned Head of the Department, a detailed survey of the area showing the topographical features and contours thereof should be conducted before undertaking the preparation of detailed drawings and estimates.

The Financial Commissioner and Principal Secretary to the Government of Haryana, Industrial Training and Vocational Department, accorded administrative approval for the work 'Expansion of building of Industrial Training Institute (ITI), Sohna, district Gurgaon' in May 2007 for ₹ 4.86 crore. The Executive Engineer (EE), Provincial Division No. 1, Gurgaon invited tenders for the work in January 2008 without getting the site cleared and without approval of the drawings and designs from the competent authority. The work was allotted to an agency in March 2008 at an estimated cost of ₹ 4.13 crore with a time limit of 18 months, to be reckoned from the date of issue of the acceptance letter. However, the agency could not start the work due to non-clearance of the construction site as there were many trees and electrical Low Tension (LT) and High Tension (HT) lines crossing over the proposed building site. Besides, there was also an old building which was to be dismantled. The department could also not provide working drawings and clear the site despite repeated reminders by the agency. Therefore, in July 2008, the agency informed the EE that it was not possible for them to wait further to start the work due to increasing rates and requested for refund of their earnest money deposited with the department. Instead of providing a clear site to the agency for the construction, the department imposed (October 2008) a penalty of ₹ 41.29 lakh under Clause II of the contract agreement. Further, action under Clause-III of the contract agreement was taken in December 2008 and the work was withdrawn from the agency. Tenders at the risk and cost of the agency were invited in February 2009 and the work was allotted to another agency at an estimated cost of ₹ 5.22 crore in August 2009. This agency was executing the work and was paid ₹ 4.61 crore in March 2011 (10^{th} running bill). A comparison of rates at which the work was allotted to the first agency with those at which the work was allotted to the second agency, revealed that the rates at which the work was allotted to second agency were higher and the department would have to incur an extra expenditure of ₹ 1.09 crore. The extra expenditure was due to allotment of work to the agency without getting the site cleared, which was a pre-requisite for starting any construction activity and without approval of designs and drawings.

On this being pointed out, the EE intimated (February 2011) that the site of the work was not completely clear at the time of allotment of the work due to existence of the old building. The reply is not acceptable as it was the responsibility of the department to provide a clear site to the contractor before starting the work.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department (Buildings and Roads Branch) Haryana Government in April 2011. Reply was not received (August 2011).

3.2.4 Wasteful expenditure due to execution of sub-standard work

Due to sub-standard execution of work, expenditure of ₹ 2.52 crore incurred on a damaged road was unfruitful. Besides, avoidable expenditure of ₹ 30 lakh on repairs was incurred due to non-invoking of a defect maintenance liability clause in the agreement.

The Commissioner and Secretary to the Government of Haryana, Public Works Department (PWD), Buildings and Roads Branch (B&R), administratively approved (November 2007) the work 'Construction of four-laning of Dadri-Loharu Road km 0.00 to 2.600 in city portion of Charkhi Dadri (District Bhiwani)' for ₹ 2.39 crore. The Executive Engineer (EE), Provincial Division, Charkhi Dadri, after inviting (January 2008) tenders, allotted (May 2008) the work to a contractor at an estimated cost of ₹ 3.32 crore, with a completion time of eight months. As the road was in the city portion, it was damaged due to intensity of traffic and heavy rains in some reaches. The Superintending Engineer, Bhiwani Circle, submitted (December 2008) a revised estimate with increased scope of work for ₹ 5.14 crore to the Engineer-in-Chief, PWD (B&R) for arranging a revised administrative approval. Provision of cement concrete pavements, water bound macadam (WBM), built up spray grout (BUSG) and 75 mm thick low bituminous macadam (LBM) was made in the revised proposal. The work at the site, executed as per the revised proposal, without approval of changes in specifications and scope of work from the competent authority was completed on 31 December 2009 by incurring an expenditure of ₹ 5.02[5] crore. The agreement with the contractor provided that the latter would be responsible to make good any defects noticed during the maintenance period of 24 months from the date of completion, failing which the work would be got executed at the risk and cost of the contractor.

During the inspection by EE in June and August 2009, the quality of work done was found to be very poor. Samples of work done were got tested (June/July 2009) from the Quality Control Laboratory, PWD (B&R), Bhiwani and the quality of work done was found to be below specifications and sub-standard. As a result, 1.480 km of the newly laid road between km one and 2.60, constructed at a cost of approximately ₹ 2.52[6] crore was damaged, requiring extensive repairs/reconstruction. Although, the contractor was asked to rectify the sub-standard work a number of times, they did not rectify the same but were paid ₹ 35.06 lakh, ₹ 6.38 lakh and ₹ 29.19 lakh in the eighth, ninth and tenth running bills in September and December 2009 and March 2010, respectively. In order to make the road trafficworthy, the work was allotted (January 2011) to another contractor by providing 20 mm thick premix carpet including B type seal coat at an estimated cost of ₹ 50.03 lakh. The work was in progress (April 2011).

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[5] Contractor: ₹ 4.42 crore; Dakshin Haryana Bijali Vitran Nigam for shifting of poles ₹ 24.29 lakh and Forest Department for cutting of trees: ₹ 15.17 lakh.

[6] Amount paid to contractor/Total length of road X length of road damaged i.e.: ₹ 442.41 lakh/2.60 KM X 1.480 KM = ₹ 251.83 say ₹ 2.52 crore.

It was noticed (October 2010) that the road constructed with specifications including cement concrete pavements, WBM, BUSG, LBM, etc. by spending ₹ 2.52 crore was got repaired with simple specifications of providing 20 mm thick premix carpet including B type seal coat without taking any action against the contractor who was liable to repair/reconstruct the road under the defect maintenance liability provision of the agreement. Thus, due to sub-standard execution of work, the expenditure of ₹ 2.52 crore incurred on construction of the damaged portion of road did not serve its desired purpose and proved to be unfruitful. Had the road been got repaired/ reconstructed at the risk and cost of the original contractor, the expenditure of ₹ 30 lakh (approximately) incurred on the repairs could have been avoided.

On this being pointed out, the EE intimated (October 2010) that repeated notices were issued to the agency to rectify the defects and to set right the sub-standard work but the agency did not respond. The reply is not acceptable as a penalty clause was required to be invoked to execute the defective work at the risk and cost of the first contractor.

The matter was referred to the Financial Commissioner and Principal Secretary to Haryana Government, Public Works Department (Buildings and Roads Branch), (April 2011). Reply was not received (August 2011).

AGRICULTURE DEPARTMENT (HARYANA STATE AGRICULTURAL MARKETING BOARD)

3.2.5 Unfruitful expenditure on incomplete cold storage work

Starting the construction of cold storages without finalisation of designs and drawings and detailed estimates resulted in unfruitful expenditure of ₹ 1.72 crore.

The Chief Engineer, Haryana State Agricultural Marketing Board (HSAMB), Panchkula, conveyed (December 2006) administrative approval of the Chairman of the Board for upgradation of various vegetable markets and setting up cold storage facilities including pre-coolers, ripening chambers/grading lines in the *mandis* in the State. The approval contained a provision of ₹ 4.40 crore for providing cold storage facilities for mushrooms and other vegetables at Sonipat. The Executive Engineer (EE), HSAMB, Sonipat, without approval of the detailed estimates and technical sanction, allotted (August 2007), the work of 'Construction of pre-engineered building (PEB) and structure for setting up of cold storage and pack house facilities at Sonipat' to an agency for ₹ 0.56 crore with the condition of completing the work within three months. The agency was required to provide design and drawings of foundation and PEB structure. The HSAMB was to execute the civil works.

Scrutiny (March 2010) of records of EE, HSAMB Division, Sonipat revealed that after allotment of work, the Executive Officer, Market Committee was asked (August 2007) to provide land in the new vegetable market for the purpose. He,

however, showed his inability due to non-availability of land in the market. As the land provided (April 2008) at the changed site was in a low-lying area, it was decided to construct a basement. The agency had supplied (September 2007) structural design and drawings approved by the Indian Institute of Technology, Delhi which was common for other cold storages also. As the standard common design and drawings were not suitable for the changed site, the EE was asked to arrange the approval of a layout plan/site plan according to the available land. In the meantime, the agency supplied (July 2008) a pre-engineered building structure and was paid ₹ 0.53 crore in July 2008. The work of construction of the foundation for erecting the pre-engineered building structure was undertaken departmentally (November 2008). The Chief Administrator (CA), HSAMB, supplied the revised layout plan in March 2010 without making any provision for a basement, etc. and the EE, HSAMB, Sonipat (March 2010) accordingly returned the revised plan for including the same. The CA, HSAMB approved the design and drawings in June 2011, but the detailed estimate was not approved by the competent authority. The basement was partially constructed in an area of only 32.90 m out of a total of 53 m by incurring an expenditure of ₹ 1.19 crore up to April 2010. The balance work was held up for want of detailed drawings and estimates. Thus, due to non-preparation of detailed estimates, architectural design and drawings as per the available land, the expenditure of ₹ 1.72 crore (April 2011) incurred on construction of cold storage facilities did not serve the desired purpose and was rendered unfruitful.

While accepting the fact, the CA, HSAMB, Panchkula stated (August 2011) that the project was delayed due to change in design and inclusion of basement facilities. He further stated that efforts were being made to complete the work.

The reply of the department indicated that not only were the beneficiaries deprived of the facilities envisaged, but has also resulted in increase in the cost of the project from ₹ 4.40 crore to ₹ 7.02 crore, imposing extra burden on the exchequer.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Agriculture Department, Chandigarh (May 2010). Reply was not received (August 2011).

HOME DEPARTMENT

3.2.6 Residential houses constructed at police station, Mohana, lying unoccupied

Houses constructed by spending ₹ 56.26 lakh, without basic amenities were lying unoccupied since January 2006, rendering the expenditure unfruitful.

The Financial Commissioner and Secretary to the Government of Haryana, Home Department, accorded (June 2001) administrative approval for construction of a police station at Mohana in Sonipat district for ₹ 43.93 lakh. The work was got

executed through the Haryana Police Housing Corporation Limited (HPHCL). Against the administrative approval for construction of the police station at Mohana, HPHCL allotted (October 2002) the work of construction of the police station building and 20 houses at Mohana, (for ₹ 83.94 lakh) to a contractor without approval of detailed estimates. As the administrative approval was for construction of a police station, another rough cost estimate for ₹ 54.05 lakh for construction of 16 (two Type V, 12 Type VI and two Type VII) houses to increase the residential and non-residential accommodation for the Police Department as per the decision of the Government was submitted (December 2004) for according administrative approval, which was still to be accorded. Thus, a total cost of ₹ 97.98 lakh was estimated for the construction of the police station and 16 houses.

Scrutiny (January 2009) of the records of the Superintendent of Police (SP), Sonipat, revealed that the work of construction of the police station and 16 houses (14 complete in all respects and two constructed up to the plinth level) was completed (January 2006) by incurring an expenditure of ₹ 93.35 lakh. The possession of the police station and the houses was handed over to the SP, Sonipat on 23 February 2006. Further scrutiny revealed that only the building constructed for the police station was being utilised. The houses constructed for the staff had not been allotted to the employees and were lying unoccupied (June 2011). Thus, the expenditure of ₹ 56.26 lakh, incurred on construction of these staff quarters had not served the desired purpose of providing residential accommodation to the staff near their place of duty.



Unoccupied residential accommodation at Police Station, Mohana

SP, Sonipat, while admitting the facts, stated (April, 2011) that the houses were constructed by HPHCL on its own without ascertaining the requirements from the Police Department. He further stated that the police station, Mohana, situated in a deserted area, had no basic facilities and markets, schools, medical and other domestic requirements were not available. Therefore, no officials were willing to shift to these houses.

Thus, the houses constructed without providing basic amenities, were lying unutilised since January 2006.

The matter was referred to the Financial Commissioner and Principal Secretary to Haryana Government, Home Department (May 2011). Reply was not received (August 2011).

3.3 Failure of oversight/governance

The Government has an obligation to improve the quality of life of the people for which it works towards fulfilment of certain goals in the areas of health, education, development and upgradation of infrastructure, *etc.* However, Audit noticed instances where funds released by the Government for creating public assets for the benefit of the community remained unutilised/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases are mentioned below:

PUBLIC WORKS DEPARTMENT (IRRIGATION BRANCH)

3.3.1 Non-functional ditch drain polluting drinking water supply

With the objective of providing pollution-free drinking water, a ditch drain, constructed for carrying treated/untreated effluents at a cost of ₹ 10.28 crore, failed to sustain the discharge and effluents released in the Western Jamuna Canal, which provided drinking water to a large population in the State and Delhi.

Under Section 64 of the Haryana Canal and Drainage Act, 1974, the Government issued an order in July 2003 for the general public that nobody would be allowed to discharge any treated/untreated trade effluent or sewage effluent into canals.

In the twin towns of Yamunanagar and Jagadhari, four major industries[7] and other small scale domestic industries for which sewerage was not provided, were discharging their effluents along with some domestic waste into the Western Jamuna Canal (WJC) Main Line Lower (MLL) at reach distance (RD 71,000 right side). Besides this, the Public Health Engineering Department (PHED) was also discharging the treated effluents through two Sewage Treatment Plants[8] into the WJC at RD 71,000 on the right side and at RD 59,000 on the left side, thereby polluting the river water. A large population of Haryana and Delhi was utilising the water of WJC for drinking purposes and therefore, the discharged effluents in the canal were harmful for human health.

With a view to overcome this problem, the Government administratively approved (June 2007) the project 'Construction of a ditch drain for disposal of effluents of Yamunanagar and Jagadhari towns along WJC, MLL outfalling in Dhanaura Escape' for ₹ 13.71 crore. The project provided for construction of an unlined 23 km long ditch drain with 60 cusec capacity from RD 71000 right side of WJC, MLL. The ditch drain was to carry treated/untreated effluents to Dhanaura escape channel. The Dhanaura escape channel ultimately outfalls in

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7 (i) Ballarpur Industries Limited, Yamunanagar, (ii) Bharat Strarch Mill, Yamunanagar, (iii) Sarswati Sugar Mill, Yamunanagar and (iv) Haryana Distillery, Yamunanagar.

8 Sewage Treatment Plants: (i) of the capacity of 25 million litres per day (MLD) and (ii) of 10 MLD.

River Yamuna in Karnal district. In this way, the effluents were to traverse a distance of 50 km before falling to the Yamuna river. As a result of this, the contents of the effluents would get diluted extensively due to aeration and other sedimentation effects. The PHED and four major industries discharging effluents were to share the cost of the project proportionately[9]. The Irrigation Department was to construct the ditch drain for which approximately 75 acres land was acquired after paying compensation of ₹ 8.52 crore in July/August 2007.

The Chief Engineer, Yamuna Water Services, sanctioned (July 2007) two estimates for construction of a ditch drain from RD 0 to 37200 and RD 37200 to 69670 for ₹ 96.05 lakh and ₹ 59.95 lakh respectively. The Executive Engineer (EE), Water Services Division (WSD), Dadupur allotted the work to two agencies in September and October 2007 respectively. The work was completed in March 2009, after incurring an expenditure of ₹ 1.76 crore. Thus, a total expenditure of ₹ 10.28 crore (₹ 8.52 crore on land acquisition and ₹ 1.76 crore on construction of drain) was incurred on the project up to April 2011.

During test check (March 2011) of the records in the office of the EE, WSD, Dadupur, it was observed that effluents flowing from the town after treatment were discharged in the ditch drain. However, due to a faulty design, the effluents started flowing in the reverse direction as the ditch drain in 3000 feet length was in the cutting section with 20 feet high *Tibba*[10] consisting of sandy soil. As a result, its embankment near the head got breached and was washed away in September 2009. The ditch drain was lying abandoned since then and no efforts were made to make it functional and treated/untreated effluents were continuously being discharged into the WJC, thereby polluting the water.



Washed away portion of ditch drain polluting water of Western Jamuna Canal

On a query from Audit, the EE, Dadupur, while confirming the breach, stated (August 2011) that the drain was designed for discharge of 60 cusecs of water but during the rainy season, the discharge enhanced manifold, which resulted in the breach. He further stated that these factors were not considered while finalizing the design and that the drain being purely earthen, involving heavy cutting in its head reach, could not be made functional without a lining. The reply is not acceptable as the technical feasibility of the project was required to be looked into

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[9] The cost was to be shared as under:
(i) Ballarpur Industries: ₹ 6.76 crore; (ii) Bharat Starch: ₹ 0.22 crore; (iii) Haryana Distilleries: ₹ 1 crore; (iv) Sarswati Sugar Mills: ₹ 1.54 crore and (v) PHED: ₹ 4.19 crore.

[10] Heap of sandy soil.

before conceiving the project. Thus, the drain constructed to carry treated/untreated effluents failed to serve the desired purpose of providing pollution-free drinking water to a large population of the State and Delhi as it remained non-functional. As such, not only did the expenditure of ₹ 10.28 crore incurred on the construction become infructuous, but the measures taken for public health were also jeopardized.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Irrigation Department in May 2011. Reply was not received (August 2011).

3.3.2 Irrigation channel lying unutilised since construction

An irrigation channel constructed with high cost borrowing from the National Bank for Agriculture and Rural Development of ₹ 1.15 crore along with interest payment of ₹ 75.90 lakh thereon was lying unutilised since its construction in September 2005.

In order to bring additional area under irrigation and to increase the intensity of the irrigated area by utilising the available water efficiently through improved management of the present water resources, the Irrigation Department, Government of Haryana undertook the work of construction of new minors and raising and extension of minors by taking a loan at 12 *per cent* interest per annum from the National Bank for Agriculture and Rural Development (NABARD). The loan was required to be repaid within seven years from the date of drawal. The Government administratively approved (May 1999) a project to construct Manakawas minor off taking at RD 28650/L Kitlana distributory of Loharu canal system in Bhiwani district which was based on water from the Western Yamuna Canal System at a cost of ₹ 96.64 lakh, later revised (October 2005) to ₹ 1.36 crore. The project was required to be completed on or before 31 March 2002. The scheme envisaged irrigation of 1585 acres of land of four villages (Manakawas, Birhi Khurd, Pandwan and Rasiwas) based on assessment of 7.25 cusecs discharge. Because of uneven terrain, the water was to be carried through a lift of about 36 feet, for which a provision of two pump houses at suitable places was made.

The Chief Engineer, Loharu Canal unit sanctioned (September 2000) the estimate for construction of Manakawas minor for ₹ 47.73 lakh which was revised (February 2005) to ₹ 51.19 lakh. The Executive Engineer (EE), Loharu Water Services (LWS) Division, Charkhi Dadri allotted (July 2003) the earthwork and single layer brick lining of the minor to an agency. The work started in July 2003 and was completed in September 2005. The work of construction of two pump houses and installation of pumping machinery was completed in January 2005. After installation of the pumping machinery, the EE, LWS Mechanical Division Charkhi Dadri deposited ₹ 26.70 lakh (₹ 22 lakh in December 2004 and ₹ 4.70 lakh January 2005) with the Dakshin Haryana Bijli Vitran Nigam

(DHBVN) for providing electric connections to both the pump houses. Electric connections to both the pump houses were provided in 2009. An expenditure of ₹ 1.15 crore was incurred on the work up to March 2007.

It was noticed during audit (July 2010) that there was an inordinate delay in completion of the project. The project, required to be completed by March 2002 was completed in January 2005. Thereafter, the department took four years in getting the electric connections. Meanwhile, the minor silted up and a bridge got

	
Channel filled with silt	**Washed away portion of channel and bridge**

damaged and the minor could not be made functional. Thus, the expenditure of ₹ 1.15 crore incurred on the construction of the minor out of high cost borrowing from NABARD on which interest of ₹ 75.90 lakh at the rate of 12 *per cent* was paid during the last five and a half years had not served the intended benefits of bringing additional area under irrigation and increasing the intensity of the irrigated area.

On this being pointed out (November 2010) by audit the EE, LWS Mechanical Division, Charkhi Dadri intimated (June 2011) that the electric connection to pump houses could not be provided by the DHBVN because of non-availability of transformers in their stock. But the EE, Operation Division, DHBVN, Charkhi Dadri stated that two transformers were provided for these works in July 2007 but the connection was not provided due to non-completion of work by the Irrigation Department. The EE, LWS Division, Charkhi Dadri attributed (June 2011) the delay in completion of work to late start of work in 2003 because of delayed approval of estimate, etc. and revision of estimate for providing two pump houses against one provided earlier. He further intimated (April 2011) that ₹ 0.50 lakh would be required for clearance of silt and ₹ 1.25 lakh for repairs of the damaged bridge and the channel would be repaired shortly and would run up to the tail. Thus, due to lack of coordination between the Civil and Mechanical wings of the Irrigation Department and delay in completion, the channel remained non-functional for the last six years and the expenditure of ₹ 1.15 crore, on which an interest of ₹ 75.90 lakh was paid to NABARD, remained unfruitful.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department (Irrigation Branch) in April 2011. Reply was not received (August 2011).

PUBLIC WORKS DEPARTMENT (PUBLIC HEALTH ENGINEERING DEPARTMENT)

3.3.3 Unfruitful expenditure on installation of water purification plants in villages already provided with safe drinking water

Thirty-four villages being supplied potable water were selected for installation of water purification plants but lack of proper response from the villagers in availing of the facility of purified water rendered the expenditure of ₹ 4.21 crore incurred on these plants unfruitful.

With a view to supplying safe drinking water in water quality affected villages in Haryana, the State Government sanctioned (July 2008) a project based on Reverse Osmosis and related technology for 100 selected villages of three districts (Kaithal-30, Jhajjar-35 and Mohindergarh-35) at a cost of ₹ 11.25 crore at the rate of ₹ 11.25 lakh per plant. The work of installation and commissioning of safe drinking water plants with all accessories and storage systems was allotted to M/s Naandi Foundation for ₹ 11.25 crore in July 2008. The agency was responsible for the operation, maintenance and repairs of the community water system and collection of agreed service charges and for carrying out activities towards promoting safe drinking water and hygiene concepts. The charge for filtered purified water was fixed at ₹ 0.10 per litre during the first year subject to further revision with mutual agreement. The Public Health Engineering (PHE) Department was to provide the sources of raw water by drilling tubewells, etc. The villages were to be selected by PHE Department in consultation with the agency.

As per the terms and conditions of the memorandum of understanding, payment of ₹ 11.25 crore was made to the agency in two instalments on submission of bank guarantees for the equivalent amount. The first instalment of ₹ seven crore was paid to the agency in November 2008 and the second instalment of ₹ 4.25 crore was paid in October 2009. The agency installed 100 water purification plants in three selected districts up to October 2010.

During audit (September 2010 and January 2011) of PHE divisions, Kaithal, Jhajjar and Bahadurgarh, it was noticed that in 34 villages (Kaithal-13, Jhajjar-4 and Bahadurgarh-17), water purification plants were installed where tubewell-based water supply had already been replaced with canal-based water supply. Sufficient quantity of safe drinking water ranging between 40 and 70 litres per capita per day (LPCD) was being supplied to these villages. Even after the installation of purification plants, very few of these villages[11] were utilising the water from these plants. As such, the selection of these villages for installation of

[11] In 21 villages, the percentage of villagers utilising waters from purification plants was less than five, in seven villages, the percentage ranged between five and ten, in three villages it was between 10 and 20 and in three villages, the percentage ranged between 20 and 28.

purification plants was not need-based and the expenditure of ₹ 4.21 crore incurred on installation of 34 purification pumps was largely unfruitful.

On this being pointed out, the Executive Engineer (EE), PHE divisions, Kaithal and Jhajjar intimated (March and May 2011) that these plants were installed due to non-availability of sufficient raw water during the summer season. The reply is not acceptable as sufficient quantity of water ranging between 40 and 70 LPCD was being supplied to these villages through canal-based water supply schemes. The EE, PHE division, Bahadurgarh attributed (January 2011) the poor response of users to safe drinking water being supplied from canal-based water supply schemes in these villages.

Thus, the selection of villages for installation of water purification plants, where safe drinking water was being supplied through canal-based schemes resulted in unfruitful expenditure of ₹ 4.21 crore. These benefits could have been provided to other villages where the water was not potable.

The matter was referred to the Financial Commissioner and Principal Secretary to Haryana Government, Public Works Department, Public Health Engineering Branch in April 2011. Reply was not received (August 2011).

3.3.4 Non-functional sewerage scheme

A sewerage scheme for Siwani Town constructed by spending ₹ 2.99 crore remained non-functional due to non-construction of a disposal point and non-providing of sewer connections to residents.

The Manual on Sewerage and Sewage Treatment issued (December 1993) by the Government of India, Ministry of Urban Development, provided that while designing waste water collection, treatment and disposal systems, planning was to generally begin from the final disposal point (tail end), going backwards to give an integrated and optimum design to suit the topography and the available hydraulic heads, supplemented by pumping, if essential.

With a view to providing sewerage facilities in Siwani town in Bhiwani district, the State Sanitary Board, Haryana, administratively approved a scheme for ₹ 5.71 crore in July 2007. The estimate provided for construction of a screening chamber, collection tanks, pump chambers, boundary walls and pumping machinery, laying of reinforced cement concrete and stoneware pipe sewer lines, disposal point, etc. at the disposal site. The estimate contained a provision for acquisition of 2.5 acres of land for the disposal site. Untreated sewerage water was to be disposed off in the fields for irrigation through *katcha* sullage carriers. However, with the mixing of industrial effluents with domestic sewerage, the sewerage water was considered harmful for crops by the EE, PHE division, Tosham. Therefore, another estimate for construction of a sewerage treatment plant (STP) for ₹ 4.55 crore was submitted to the Engineer-in-Chief for approval

in January 2006, which was still to be approved (April 2011). This estimate also contained a provision for acquisition of 9.75 acres of land.

The work "Construction of disposal point, laying of sewer lines and all other works contingent thereto", of the scheme, awarded (February 2009) to an agency at a cost of ₹ 2.17 crore, was to be completed within 12 months i.e. up to February 2010. The agency executed work to the tune of ₹ 1.53 crore up to December 2010 on available reaches and left the work incomplete due to non-availability of land for construction of the disposal point and laying of sewer lines in some portions which were owned by the Forest Department and presence of electric lines that required shifting by the Haryana Bijli Vitran Nigam (HBVN). A total expenditure of ₹ 2.99 crore was incurred on the work up to February 2011.

Scrutiny (August 2010) of the records of the Executive Engineer, Public Health Engineering Division, Tosham revealed that the department allotted the work without acquisition of land for the disposal point and without obtaining clearances for laying sewer lines from the Forest Department and HBVN. Besides, the proposal to construct the STP, submitted (February 2006) to the Engineer-in-Chief, was not approved (March 2011). As a result of this, the sewerage scheme remained incomplete as of March 2011.

On this being pointed out (August 2010), the EE stated (April 2011) that the sewer line had now been laid, except for some portion of the main sewer due to late receipt of clearance from the Forest Department. He further stated that the land for the disposal point had been acquired but the pumping machinery at the disposal point was still to be installed. Action to acquire land for construction of the STP was also still to be taken.

The reply indicated that the work was started without acquisition of land for construction of disposal point and laying of the sewer lines. The department had not approved the construction of the STP for disposal of sewerage waste though disposal in open fields was unhygienic and harmful for crops.

Thus, because of the failure of the department in taking up the work without acquiring complete land for laying sewer lines and constructing the disposal point, the sewerage scheme constructed by incurring an expenditure of ₹ 2.99 crore remained incomplete and the inhabitants of the town remained deprived of sewerage facilities.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department (Public Health Engineering Branch), Chandigarh in May 2011. Reply was not received (August 2011).

TOWN AND COUNTRY PLANNING DEPARTMENT (HARYANA URBAN DEVELOPMENT AUTHORITY)

3.3.5 Integrated Housing and Slum Development Programme - ASHIANA

Due to non-finalisation of the list of eligible applicants, 2,072 dwelling units constructed at Panchkula by spending ₹ 62.01 crore were lying vacant for two years. In Ambala, the construction of 1,640 units could not be completed due to wrong site selection, even after spending ₹ 55.49 crore. Thus, the purpose of rehabilitation of *jhuggi* dwellers and vacating Government land could not be achieved, rendering expenditure of ₹ 117.50 crore unfruitful.

3.3.5.1. Introduction

With a view to provide hygienic living space with basic amenities to slum dwellers, the Haryana Urban Development Authority (HUDA) approved (December 2006) the ASHIANA project under the 'Integrated Housing and Slum Dwellers Programme (IHSDP)' scheme of the 'Jawahar Lal Nehru National Urban Renewal Mission (JNNURM)' of the Government of India (GOI), Ministry of Urban Poverty Alleviation and Housing. Under the scheme, HUDA was to construct low cost dwelling units in various urban estates for allotment of two-room tenements either on payment of monthly instalments to be paid in 20 years with a rate of interest of seven *per cent* per annum or on monthly licence fees based on the eligibility criteria[12] decided by the Government. Preference was to be given to encroachers of Government/ HUDA land who had approached the courts for regularization of long existing *jhuggi/jhopri* colonies and providing of alternative shelter before eviction.

Scrutiny (February 2010 and January 2011) of the records of the Chief Administrator, HUDA, Panchkula and the Executive Engineer, HUDA Division, Ambala revealed the following irregularities:

3.3.5.2. Blocking of funds due to non-allotment of dwelling units

In Panchkula, 13 clusters of slums (unplanned habitations) with 7,114 *jhuggis* were planned to be rehabilitated in three phases. In the first phase, 2,072 *jhuggi* owners were proposed to be rehabilitated in Sectors 20, 26, 28 and Industrial Area Phase-I, Panchkula by providing them with 2,072 multi-storeyed dwelling units.

[12] (i) First preference to the petitioners of court cases who were unauthorisedly occupying HUDA land for the last more than five years as on 19 April 1999.
(ii) Second preference to those inhabitants/occupants, who were unauthorisedly occupying HUDA land for the last more than five years as on 03 April 2008.
(iii) Third preference to those inhabitants/occupants who were occupying unauthorisedly Government/Government agency land as on 01 April 2003.
(iv) Thereafter, to unauthorised occupants, who encroached upon HUDA/Government/ Government agency land, which affected essential services like roads, water supply, sewerage, bridges, etc.
(v) The left-out dwelling units were to be allotted to eligible BPL applicants by draw of lots as recommended by the District Urban Development Agencies.

The Chief Administrator, HUDA administratively approved (February 2007) the project for ₹ 45.42 crore (revised to ₹ 64.78 crore in June 2009). The scheme was approved with the stipulation that the entire land occupied by *jhuggis*/ unauthorised structures would be made free from all encumbrances.



Completed 2072 dwelling untis at Panchkula

The works were got executed through five contractors and were completed in June 2009, by incurring an expenditure of ₹ 62.01 crore. Applications for allotment of these dwelling units were called for in January 2009 and again in April 2010 and 3,339 applications were received. A committee under the Chairmanship of the Additional Deputy Commissioner, Panchkula was constituted (April 2010) for scrutiny and assessing the eligibility of applicants. A total of 875 applicants in three colonies were found eligible. The final decision of the committee was, however, not given. The units had not been allotted (August 2011) even after two years of construction because of non-finalisation of the list of eligible beneficiaries. Thus, the purpose of construction of houses to rehabilitate encroachers of Government/HUDA land and to clear Government land from encroachers had not been achieved even after incurring expenditure of ₹ 62.01 crore. In reply, the Estate Officer, HUDA, Panchkula stated (April 2011) that after finalisation of eligible applicants, the dwelling units would be allotted through draw of lots. The final outcome was awaited (August 2011).

3.3.5.3. Inordinate delay in completion of scheme

In Ambala, for construction of 1640 multi-storeyed dwelling units (1,000 in Sector 34 and 640 in Sector 33), the Chief Administrator, HUDA, Panchkula, administratively approved two rough cost estimates in February and November 2008 for ₹ 36.45 crore and ₹ 24.06 crore for Sector 34 and Sector 33 respectively. The works were allotted to an agency in July 2008 and September 2008 for ₹ 36.87 crore and ₹ 23.59 crore respectively with a time limit of 15 months for completion. However, the work could not be completed as the site allotted was a low-lying area with a pond, trees and electric poles. An expenditure of ₹ 55.49 crore (₹ 34.22 crore in Sector 34 and ₹ 21.27 crore in Sector 33) was incurred but the scheme remained incomplete. The Executive Engineer, HUDA Division, Ambala



Under construction 1640 dwelling units at Ambala Cantt.

while admitting (January 2011) the delay in completion of the dwelling units, stated that the work would be completed very soon. However, the work was still in progress (June 2011). Thus, due to incorrect selection of site for construction of 1,640 dwelling units, the works remained incomplete.

Scrutiny further revealed that the Estate Officer, HUDA, Ambala invited (April 2010) applications for allotment of the above-mentioned 1,640 dwelling units to slum dwellers, against which only 445 applications were received from below poverty line households. But no application from slum dwellers was received. To assess the position, a joint team of the office of the Principal Accountant General (Audit) Haryana, Chandigarh and Additional Deputy Commissioner-cum-Chief Executive Officer, District Urban Development Agency, Ambala conducted (August 2011) a survey of three[13] *Jhuggi Jhopri* colonies consisting of 1455 *Jhuggi Jhoprie*s in Ambala. A total of 180 habitants (12 *per cent*) took part in the survey, which revealed that:

- 89 *per cent* (160 out of 180 slum dwellers) were not aware of the scheme of 1640 dwelling units constructed for their rehabilitation.
- 99.5 *per cent* (179 out of 180 slum dwellers) were not interested for allotment as the dwelling units were far away from their work places.
- The cost of the dwelling units (₹ 3.41 lakh) was beyond the paying capacity of 99.5 *per cent* (179 out of 180 of the slum dwellers).

The survey disclosed that higher costs and the distant locations of the dwelling units resulted in non-responsiveness of the slum dwellers to apply for allotment of the units.

Thus, conceiving of the scheme without assessment of demand, coupled with incorrect selection of sites for dwelling units resulted in unfruitful expenditure of ₹ 55.49 crore, besides non-achievement of the objective of rehabilitating the slum dwellers and vacation of Government land.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Town and Country Planning Department (May 2011). Reply was not received (August 2011).

[13] i) Anaj Mandi Sector 8, Ambala City, ii) Under Railway Over Bridge, Ambala City and iii) Amba Market Jhuggi colony, Ambala City.

FOOD AND SUPPLIES DEPARTMENT

3.3.6 Loss of interest due to delay in claiming refund of bonus paid to farmers

Failure of the Food and Supplies Department to claim refund of bonus paid to farmers for the *Kharif* season of 2008 in time and delay in refunds by the Food Corporation of India resulted in loss of ₹ 2.04 crore to the Government on account of interest.

The Food and Supplies Department (FSD), Haryana procures paddy from *mandis* for the Central pool on behalf of the Food Corporation of India (FCI) and after getting it milled, delivers the resultant rice to FCI as per the prescribed schedule. The Government of India (GOI) fixes the minimum support price (MSP), statutory charges and other incidental charges of custom-milled rice. On the basis of these rates, the department, after delivery of rice, claims reimbursement of the cost of the foodgrains and other charges from FCI.

Since a large amount of funds was involved in the stocks delivered to FCI and any delay in realization would affect the ways and means position of the Government adversely, the Government stressed from time to time, that the payment for stocks delivered to FCI should be obtained from them without any delay. The concerned District Food and Supplies Controllers (DFSC) were to ensure that documents/bills for the despatched stocks received by the circle offices (in the evening) every day of despatch/delivery of stock to FCI, were submitted to FCI in their offices the next day and correspondingly, payments were to be received from it within banking hours on the same day. For the purchase of paddy during the *kharif* marketing season 2008-09, the Government sanctioned cash credit of ₹ 215.96 crore, against which the department availed of a cash credit limit of ₹ 200 crore.

GOI (October 2008) declared an incentive bonus of ₹ 50 per quintal on paddy over and above the MSP for the *Kharif* season 2008. The payment of the incentive bonus was subject to the condition that the Government would exempt the bonus from all State taxes and levies including VAT. State agencies were to certify that the amounts of bonus were actually paid to the farmers.

During audit (October/November 2009) of five DFSCs[14] it was noticed that bonus amounting to ₹ 22.06 crore was paid to the farmers against paddy procured during the *Kharif* season, 2008. The claims for reimbursement of bonus paid to farmers, required to be submitted before 31 March 2009 to FCI were submitted in May 2009 but FCI returned (May 2009) the claims because of non-availability of the required documents including proofs of payment of bonus to farmers, etc. The claims were resubmitted with the required documents between October 2009 and March 2010. The reasons for delay in resubmission of claims were not on record. FCI reimbursed the claimed amount of ₹ 22.06 crore between October 2009 and

[14] Ambala, Kaithal, Karnal, Kurukshetra and Sirsa.

April 2010. As the FSD purchased the paddy by availing of cash credit from banks and paid interest at the rate of 12.25 *per cent* and 11.25 *per cent*, the delay in receiving the payment of bonus from FCI ranged between 216 and 373 days from April 2009 to April 2010. This resulted in a loss of ₹ 2.04 crore on account of interest paid to banks due to availing of cash credit limits.

The department, in its reply, stated (March 2011) that the bills were submitted for payment to the Regional Offices (ROs) of FCI in time, but due to ambiguities in the instructions issued by FCI to its ROs, they did not release the payment in time. However, by holding meetings with the officers of FCI on 11 March 2010, these ambiguities were sorted out and accordingly, FCI released the payment.

The reply of the department is not acceptable since the payment of bonus was required to be reimbursed on the certificate of payment by FSD. The delay in submission of claims in contravention of instructions issued by the Director, FSD resulted in a loss of ₹ 2.04 crore to the Government.

The matter was referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Food and Supplies Department (May 2011). Reply was not received (August 2011).

LABOUR AND EMPLOYMENT DEPARTMENT (HARYANA BUILDING AND OTHER CONSTRUCTION WORKERS WELFARE BOARD)

3.3.7 Non-achievement of objectives due to non-utilisation of cess funds

Due to non-formulation of welfare schemes for the benefit of building and other construction workers, cess of ₹ 376.98 crore collected from Government and public sector undertakings remained unutilised.

Government of India (GOI) enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (EOCW Act) and the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) with a view to regulate the employment and conditions of service of building and other construction workers. The Ministry of Labour, vide its notification dated 26 September 1996, stipulated levy of cess at the rate of one *per cent* of the total cost of construction on the employer. Accordingly, the Haryana Government framed (March 2005) the Haryana Building and Other Workers (Regulation of employment and Conditions of Service) Rules, 2005 (Rules). Further, the Haryana Government constituted (November 2006) the Haryana Building and Other Construction Workers Welfare Board (HBOCWWB) to carry out welfare schemes for construction workers and imposed (February 2007) cess at the rate of one *per cent* in accordance with the requirements of the Cess Act. As per the Cess Act, the cess was to be deducted at source on building or other construction works of Government or public sector undertakings from the bills paid and the proceeds of the cess collected were to be transferred to the Board after deducting the cost of collection. The cess so collected was required to be spent for the welfare of building and other construction workers on schemes like maternity

benefits, pension, advances for purchase of construction of houses, disability pension, loans for tools, payments of funeral assistance, death benefits, medical assistance, financial assistance for education and marriage of children etc. Construction workers between the age group of 18 and 60 years, who registered themselves and received identity cards, were required to contribute ₹ five per month to become eligible for availing of the benefits under the scheme.

Test check (October 2010) of records of the office of the HBOCWWB, Chandigarh revealed that during the period 2007-11 (up to February 2011) HBOCWWB received an amount of ₹ 383.70 crore directly from Government departments and public sector undertakings as proceeds of cess, out of which only ₹ 5.62 crore was utilised on the welfare schemes during the above period. The balance amount of ₹ 376.98 crore besides interest of ₹ 17.24 crore earned on bank deposits during 2007-10 was lying unutilised in the banks. Thus, the objective of levying cess for regulating the employment and service conditions of building and other construction workers was not achieved.

The implementation of welfare schemes in the offices of the Deputy Directors, Industrial Safety and Health (DDISH), Ambala and Gurgaon-I out of six[15] DDISH in the State was test-checked in August 2011. The scrutiny revealed that in Ambala region consisting of four[16] districts:

- The actual number of building and other construction workers working was not available. The Board had not conducted any survey even after the lapse of a period of four years since the implementation of the scheme.
- Out of 10,761 workers registered during 2007-08 to 2011-12 (July 2011), identity cards were not delivered to 1,360 beneficiaries and 2,696 workers had not renewed their registrations.
- Only 90 workers (less than one *per cent*) were paid a total of ₹ 15.46 lakh under various welfare schemes under the programme during the above period.
- Only two welfare schemes (*Kanyadan* and death benefits) out of 19 were being implemented in the region.

The scrutiny revealed that in Gurgaon-I region:

- Out of 33,646, only 17,552 building and construction workers were registered during 2007-08 to 2011-12 (up to July 2011).
- Only two workers got benefit of ₹ 2.10 lakh under the death and funeral scheme up to July 2011.
- Only four welfare schemes (death and funeral scheme, mobile dispensary vans, crèche and mobile toilets) out of 19 were being implemented.

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15 Ambala, Faridabad, Gurgaon-I, Gurgon-II, Hisar and Panipat.

16 Ambala, Kurukshetra, Panchkula and Yamunanagar.

Thus, other welfare schemes were not being implemented even after a period of more than four and half years of establishment of the Board.

On this being pointed out, the Financial Commissioner and Principal Secretary to Government of Haryana, Labour and Employment Department, Chandigarh intimated (August 2011) that in order to give a push to the schemes, non-government organizations were to be engaged to create awareness among workers and get them registered. The Board was organizing seminars/workshops, putting hoardings/banners at important places, besides broadcasting of radio jingles. However, the beneficiaries were not coming forward as most of the workers engaged in construction activities were from other States who usually went back to their native places after completion of projects. He further stated more than 2,500 beneficiaries were given benefit under different welfare schemes.

Thus, the reply indicated that there was no proper mechanism for spending the proceeds on welfare schemes. The Board could not formulate the modalities for implementing the approved welfare schemes during four years, as a result of which, the objectives of carrying out welfare schemes for the workers could not be achieved.