Chapter 3
Compliance Audit

Audit of transactions of the Government Departments, their field formations as well as audit of the autonomous bodies brought out several instances of frauds/misappropriations, 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 Fraud and detection of fraud

Fraud is an intentional act by one or more individuals among management, those charged with governance, employees or third parties involving the use of deception to obtain an unjust or illegal advantage. Examination of system for detection and prevention of fraud is an integral part of regularity audit. Audit detected payment of fraudulent claims of scholarship, as under:

Social Justice and Empowerment Department

3.1.1 Payment of fraudulent claims of scholarship

Lack of coordination with Technical Education Department and failure of controls by the District Officers of Social Justice and Empowerment Department led to payment of fraudulent claims (₹ 34.63 lakh) of four private educational institutions on account of scholarship for SC/ST students.

Government of India (GoI) introduced (April 2003) a Post Matric Scholarship Scheme (Scheme) for Scheduled Tribes and Scheduled Castes students to enable them to complete post matriculation studies. Under the Scheme, reimbursement of non-refundable fees charged by Government/ recognised private educational institutions for the complete duration of the course was to be sanctioned by the District Officers[1] of the Social Justice and Empowerment Department (Department) as scholarship to students whose parents'/guardians' annual income was below ₹ 1 lakh. Applications of students studying in recognised private institutions along with attested copies of caste certificate, income certificate of parents/ guardians and original fee receipts were required to be submitted by the students to the District Officers through the Heads of the educational institutions. After scrutiny of applications, the District Officers sanctioned the scholarship and made payments to the Heads of the institutions through cheques/bank drafts in favour of the Institutions for disbursement to students. Heads of institutions were required to send the original receipt to the District Officers within 15 days of receipt of cheques/bank drafts by the students. Funds were allotted to District Officers by the Commissioner and Secretary of the Department.

1. Assistant Director (AD), Deputy Director (DD), Assistant Probationary and Social Welfare Officer (APSWO).

GoI instructed (December 2006) the State Governments to ensure that a foolproof mechanism was in place for implementation of the Scheme, without pilferage and scope for fraudulent payment. Government of Rajasthan (GoR) endorsed the GoI instructions and directed (March 2007) the District Officers of the Department to ensure that scholarships were granted to eligible students of recognised educational institutions only. No mechanism was developed for checking pilferage or fraudulent payment of scholarship though instructed by GoI. Only in December 2009, the Department issued the necessary instructions to the District Officers. A check list was provided to the District Officers for physical verification of all the private institutions through a District Level Party[2] to ensure that the institute was recognised by GoI/State Government, affiliated with the National/State Council for Vocational Training etc. and the number of students admitted in various courses was as per the approved admission list issued by the Director Technical Education, Jodhpur.

Scrutiny of records (June 2010) of the Assistant Director (AD), Alwar (District Officer) and information collected from four[3] private Industrial Training Centres (ITCs) revealed that scholarships were sanctioned on the basis of applications forwarded by the Heads of the institutions, without ensuring that the students' names figured in the approved admission list issued by the Director, Technical Education, Jodhpur. Documents relating to recognition/ affiliation of the institutes were also not verified.

Audit observed that during December 2008 to March 2009, AD, Alwar sanctioned scholarship of ₹ 34.63 lakh to 195 students of four ITCs whose names were not included in the approved admission list. This indicated that the claims preferred by the Institutions were false. The amount included scholarships of ₹ 8.99 lakh, sanctioned and remitted by AD, Alwar for 50 students of ITC, Bhanokar which was not affiliated to the National/State Council for Vocational Training. Audit further observed that for the academic sessions 2008 and 2009 the Deputy Director, Training, Directorate of Technical Education, Jodhpur did not endorse the same to the AD, Alwar of Social Justice and Empowerment Department. The Social Justice and Empowerment Department also did not issue instructions to it's field officers to obtain the list of admitted students from Directorate of Technical Education, Jodhpur for verifying the eligibility of the applicants. This indicated failure of controls and lack of coordination between the Technical Education and Social Justice and

2. Consisting of Hostel Superintendent and District Probationary and Social Welfare Officer/Junior Accountant/Office Assistant/Upper Division Clerk/Lower Division Clerk.
3.

S. No.	Name of Industrial Training Centre.	No. of students	Amount of scholarship (₹ in lakh)
1.	Sarvodaya Industrial Training Centre, Alwar.	23	4.14
2.	Dhruv Industrial Training Centre, Alwar.	50	9.03
3.	Ashudeep Industrial Training Centre, Kherli, Alwar.	72	12.47
4.	Shikha Industrial Training Centre, Bhanokar, Alwar.	50	8.99
Total		**195**	**34.63**

Empowerment Departments, resulting in payment of fraudulent claims of scholarship amounting to ₹ 34.63 lakh.

The AD, Alwar stated (June 2010) that the records i.e. documents pertaining to affiliation, approved admission list, payment receipt of students etc. of ITC, Bhanokar were not available and the factual position was being called for from other institutes. This indicated that the AD has neither ensured genuineness of the claims nor did he ascertain payment thereof.

The State Government accepted the facts and stated (October 2010) that ₹ 34.01 lakh have been recovered from the training centres. The reply was silent about steps taken to prevent such lapses.

3.2 Non-compliance with rules and regulations

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 would not only prevent irregularities, misappropriation and frauds but help in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are hereunder.

Agriculture and Higher Education Departments

3.2.1 Irregular excess payment

Irregular grant of higher pay scales to 67 employees on completion of 18 and 27 years of service and grant of regular pay scales in place of fixed remuneration during probation period to 10 Assistant Professors led to irregular excess payment of ₹ 1.40 crore on account of pay and allowances.

The State Government issued (January 1992) orders to implement a promotional scheme in the cadre of Class IV, Ministerial and Subordinate Services by grant of selection grades to the employees who have not got promotion, after completion of service of nine years, eighteen years and twenty seven years. Consequent upon revision of pay scales of State Government employees with effect from 1 September 1996, the orders were revised (February 1998). The length of service was to be counted from the date of regular appointment in the existing cadre as provided in the relevant recruitment rules.

Rajasthan Agriculture University (RAU), Bikaner adopted the orders in March 1998. Memorandum of Undertaking (MoU) executed in March 2000 between Mohan Lal Sukhadia University (MLSU), Udaipur and the State Government for release of *adhoc* block grant, provided implementation of the said promotional scheme for grant of selection grades to Ministerial and Subordinate staff of MLSU.

As per the Promotion scheme, the Lower Division Clerks (LDC) appointed in the pay scale of ₹ 3050-75-3950-80-4590[4] were entitled for first promotion in pay scale of ₹ 4000-100-6000[5] after completion of service of nine years, second promotion in the scale of ₹ 5000-150-8000[6] after completion of 18 years service and third promotion in the scale of ₹ 6500-200-10500[7] after completion of service of 27 years.

Scrutiny (May-August 2009) of records of RAU, Bikaner revealed that 39 LDCs appointed in the pay scale of ₹ 3050-75-3950-80-4590 got one promotion after completion of service of nine years in next higher pay scale of ₹ 4000-100-6000. After completion of 18 years of service (during July 1996 to July 2009), they were entitled for one more promotion in next higher pay scale of ₹ 5000-150-8000. They were, however, sanctioned pay scale of ₹ 5500-175-9000[8] which resulted in irregular excess payment of ₹ 0.30 crore.

The State Government (Agriculture Department) intimated (October 2010) that RAU, Bikaner has been asked to recover the excess payment.

Similarly, scrutiny (October-December 2009) of records of MLSU, Udaipur revealed that nine LDCs appointed in the pay scale of ₹ 3050-75-3950-80-4590 got one promotion in next higher pay scale of ₹ 4000-100-6000 after completion of service of nine years. After completion of 18 years of service (during April 2002 to November 2009), they were entitled for next promotion in next higher pay scale of ₹ 5000-150-8000. The MLSU, however, fixed their pay in the pay scale of ₹ 6500-200-10500. Further, 19 LDCs appointed in the pay scale of ₹ 3050-75-3950-80-4590 got one promotion in next higher pay scale of ₹ 4000-100-6000 after completion of service of nine years. After completion of 18 and 27 years of service (during January 1992 to November 2009), they were entitled for second and third promotion in the pay scales of ₹ 5000-150-8000 and ₹ 6500-200-10500 respectively. The MLSU, however, fixed their pay in the pay scales of ₹ 6500-200-10500 and ₹ 8000-275-13500[9] respectively. This resulted in irregular excess payment of ₹ 0.96 crore.

Further, Rule 8 of the Rajasthan Service (Amendment) Rules, 2006 (Rules)[10] provides that all appointments in Government service on or after 20 January 2006 shall be made as a probationer trainee for a period of two years at a fixed remuneration. After successful completion of two-year probation period, the trainees would be allowed minimum pay in the pay scale of the post and the probation period was not to be counted for grant of annual grade increment. In March 2006, the State Government fixed a remuneration of ₹ 7950 for the post holding scale of ₹ 8000-13500 (Assistant Professor). Subsequently, in February 2010 the State Government revised the minimum remuneration at ₹ 12,550 and ₹ 18,200 with retrospective effect from 1 January 2006 and 1 September 2008 respectively for Assistant Professors. Further, the State

4 Old pay scale ₹ 950-20-1150-25-1400-30-1640-40-1680.
5. Old pay scale ₹ 1200-30-1560-40-2000-50-2050.
6. Old pay scale ₹ 1400-40-1600-50-2300-60-2600.
7. Old pay scale ₹ 2000-60-2300-75-3200.
8. Old pay scale ₹ 1640-60-2600-75-2900.
9. Old pay scale ₹ 2200-75-2800-100-4000.
10. Notified on 13 March 2006.

Government issued (September 2006) orders for making the Rajasthan Service (Amendment) Rules, 2006 applicable in all the Universities.

Scrutiny (October-December 2009) of the records of the MLSU, Udaipur revealed that MLSU appointed (June 2007) 10 Assistant Professors in the pay scale of ₹ 8000-275-13500 with one year probation and allowed regular pay scale of ₹ 8000-275-13500 from the date of their joining, contrary to the provisions of the Rules. The Assistant Professors were to be appointed as probation trainees with two years probation period at a fixed remuneration of ₹ 12550. The MLSU made (June 2007 to October 2009) excess payment of ₹ 0.14 crore[11] to 10 Assistant Professors.

The Financial Adviser, MLSU contended (November 2009) that the said Rules are not applicable on MLSU as it is governed by "the Rajasthan University Teachers and Officers (Selection for Appointment) Act, 1984". The reply was incorrect as the Act provides only the procedure for selection of a teacher/ an officer for the University and the State Government had made (September 2006) applicable 'Rajasthan Service (Amendment) Rules 2006' in all the Universities. However, Audit observed that MLSU has made the Rules applicable for recruitment of Professors/Associate Professors/Assistant Professors prospectively from December 2009.

The State Government (Higher Education Department) intimated (October 2010) that in the case of irregular grant of higher pay scale to 28 officials, MLSU has been directed to recover the excess payment from officials. Further, in the case of irregular grant of the pay scale to 10 Assistant Professors, the process of allowing the pay scale after completion of two years probation period to the Assistant Professors was in progress and a committee has been constituted by MLSU to ascertain responsibility for violation of the Rules.

Thus, irregular grant of higher pay scales to 67 employees (MLSU: 28; RAU: 39) on completion of 18 and 27 years of service and grant of regular pay scales in place of fixed remuneration during probation period to 10 Assistant Professors led to irregular excess payment of ₹ 1.40 crore on account of pay and allowances.

Department of Personnel

3.2.2 Irregular benefit of surrender of leave to members of All India Services

State Government's action to allow leave encashment to All India Services officers was irregular being in contravention of the rules and resulted in excess payment of ₹ 36.76 lakh.

All India Services (AIS) (Leave) Rules, 1955 (Rules) provide encashment of leave at credit to AIS officers on death/superannuation subject to the

11. Total emoluments paid: ₹ 0.58 crore (-) total emoluments due: ₹ 0.44 crore.

maximum of 300 days. Apart from this, they are allowed to encash ten days earned leave at the time of availing leave travel concession (LTC) to the extent of sixty days during their entire career. The State Government (Finance Department) allowed (April 2008 and February 2009) the facility of leave encashment on surrender of privilege leave not exceeding 15 days in a financial year to its employees. Ministry of Personnel, Public Grievances and Pensions, Government of India (GoI) further clarified (January 2005 and September 2009) that no member of the AIS should be allowed the benefit of encashment of leave under any of the rules of the State Government.

Scrutiny (April 2010) of records of Department of Personnel and Administration (Department) revealed that the State Government irregularly allowed encashment of leave to members of AIS, on surrender of leave up to 15 days in a financial year as was admissible to employees of the State Government. Allowing of irregular benefit of surrender of leave in 104 cases of AIS officers during 2008-10 was contrary to the Rules and instructions of the GoI and resulted in irregular payment of ₹ 36.76 lakh[12].

The State Government stated (June 2010) that encashment on surrender of leave to members of AIS had been stopped from the year 2010-11. It further intimated (November 2010) that the recovery of ₹ 36.76 lakh has been waived by the State Government. Since the Rules/instructions of GoI have been violated relaxation/approval from GoI is required.

Public Health Engineering Department

3.2.3 Execution of water supply scheme without ensuring reliable source

Taking up re-organisation of water supply scheme for Sheoganj town by Public Health Engineering Department without ensuring reliable water source and water reservation for the project, which was a condition of the sanction by GoI, led to the project lying incomplete since December 2008 after spending ₹ 2.20 crore, for want of water source.

Government of India (GoI) accorded (January 2003) technical approval of the project ‘Re-organisation of Urban Water Supply Scheme at Sheoganj’ (Sirohi District) for ₹ 1.82 crore under the Centrally sponsored scheme ‘Accelerated Urban Water Supply Programme’[13]. As the existing ground water source (open wells and Tube wells) for Sheoganj town was producing only 0.48 million litres per day (MLD), the re-organisation project envisaged providing water of 2.60 MLD by the year 2010 and 3.35 MLD by the year 2028 from the raw water source-Jawai Dam. The technical approval of the GoI stipulated that reliability of water source should be ensured and a copy of the water reservation in Jawai Dam for the project from the competent authority should

12. 2008-09: 51 cases- ₹ 14.40 lakh; 2009-10: 53 cases- ₹ 22.36 lakh.
13. Cost equally shared by Central and State Governments.

be sent to GoI before start of the work. Various components[14] of the project were technically sanctioned (October 2003) for ₹ 1.69 crore, by the Chief Engineer, Public Health Engineering Department (PHED), Jodhpur (the CE).

Audit scrutiny of the records of Executive Engineer (EE), PHED Division, Sirohi revealed (July 2009) that in pursuance to the GoI instructions, the CE requested (September 2004 and February 2005) the Chairman, Water Reservation Committee (Divisional Commissioner, Jodhpur) to reserve water in Jawai Dam for the re-organisation project as per the demand for water[15] and to convey consent of allowing Jawai Dam as the source of the re-organisation project at Sheoganj. Though the CE did not get the requisite consent, the re-organisation project was taken up in April 2005, without intimating the GoI regarding the status of water reservation. The re-organisation project was lying incomplete as of August 2010, after spending ₹ 2.20 crore (between November 2005 and December 2008), as the intake sluice to connect rising main[16] with the proposed source of water (Jawai canal) was not constructed.

Photograph showing non-connection of rising main of water supply scheme
with source (06.07.2010)

It was also noticed that in a meeting held in May 2006 by the Principal Secretary, Water Resources Department, attended by the CE, PHED, Jodhpur, it was resolved that the additional demand for water for the Sheoganj town would be met out of the 'Jawai-Pali pipeline project' sanctioned in June 2005[17] for supply of water to nine towns of Pali District. It was proposed that Sheoganj town would also be included in the project as there would be savings of evaporation and transportation losses (estimated to 50 mcft) due to supply of water through pipeline. The project scheduled for completion by March 2009 has not been completed as of August 2010 and the water supply to Sheoganj town was being maintained from the existing ground water source (open wells and Tube wells).

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14. Filter plant, civil works, pumping and machinery, providing, laying and jointing of rising and distribution mains, telephone and power connection and intake sluice on Jawai canal from Jawai Dam.
15. Ranging from 19 million cubic feet (mcft) in 2005 to 41 mcft in 2028.
16. Pipeline laid from source to reservoir is called rising main.
17. By the Policy Planning Committee of the Rajasthan Water Supply Sewerage Management Board for ₹ 355 crore which was revised to ₹ 635 crore in October 2007.

Thus, expenditure of ₹ 2.20 crore incurred on re-organisation project, was rendered unfruitful since December 2008 and the benefit of the scheme could not be provided to the people of Sheoganj town as the project was taken up without ensuring a reliable water source and the Jawai-Pali pipeline has not been completed.

The State Government (PHED) stated (August 2010) that water has been allotted for Sheoganj town. This was not factually correct as water for Sheoganj town has not been allotted as reported (July 2010) by EE, PHED, Division Sirohi to Audit. Besides, the State Government also stated that the water supply of Sheoganj town was being maintained from the existing source. The fact is that only 0.48 MLD water was supplied against the projected demand of 2.60 MLD and expenditure incurred on re-organisation project would remain unfruitful till such time the new pipeline project is completed.

3.2.4 Irregular charging of expenditure

The Executive Engineer, Public Health Engineering Division, Jhalawar irregularly charged *pro-rata* charges towards establishment, tools and plants for the works to be executed by another Department as deposit works, by debiting the Capital head with a contra entry (deduct debit) to Revenue expenditure head. This led to increase in capital outlay by ₹ 1.42 crore and unauthorised increase in provision for revenue expenditure.

Rule 5 (a) and (d) of Appendix V of Public Works Financial and Accounts Rules (PWF&ARs) (Part-II) provides for recovery of cost of establishment and tools and plants at *percentage* rates (*pro-rata*) by the Division operating the Capital Major Heads of expenditure and for work done for other departments of the same Government when the cost is chargeable/recoverable to/from those departments.

Finance Committee of Rajasthan Water Supply and Sewerage Management Board of Public Health Engineering Department (PHED) issued (March and September 2006) administrative and financial sanction of ₹ 11.17 crore for development of sources for water supply schemes (WSS) (₹ 1.89 crore for Kolvi Rajendrapura (Chomahala Anicut), ₹ 4.64 crore for WSS, Bhimni and ₹ 4.64 crore for WSS, Rewa). The works were to be executed by Executive Engineer, Water Resources Division, Jhalawar (EE, WRD).

Test check (February 2009) of the records of EE, PHED, Project Division-I, Jhalawar and further information collected (March 2010) revealed that funds amounting to ₹ 8.02 crore[18] were deposited (2006-08) by EE, PHED as advance with EE, WRD by contra debit to respective capital works under Major Head-4215 Capital Outlay on Water Supply and Sanitation, Accelerated Rural Programme. At the same time EE, PHED debited ₹ 1.42 crore[19] also towards *pro-rata* charges under the same Capital head with a contra entry (deduct debit) to Revenue expenditure Head 2215-Water Supply and

18. Chomahala Anicut: ₹ 1.75 crore; Rewa Dam: ₹ 4.27 crore and Bhimni Dam: ₹ 2 crore.
19. Chomahala Anicut: ₹ 0.31 crore, Rewa Dam: ₹ 0.76 crore and Bhimni Dam: ₹ 0.35 crore during the years 2006-07 and 2007-08.

Sanitation. Since the EE, PHED was not executing these Capital works, his action to recover *pro-rata* charges violated the prescribed accounting and financial rules and was thus irregular. This increased the Capital expenditure of the scheme by ₹ 1.42 crore and reduced the Revenue expenditure of the Division to that extent. Due to the unhealthy practice, the provision of funds for revenue expenditure was also unauthorisedly increased during 2006-07 and 2007-08.

The State Government while accepting the facts stated (August 2010) that an Enquiry Officer has been appointed (August 2010) to investigate the matter and fix responsibility.

Water Resources Department

3.2.5 Award of work before acquisition of land

Non-compliance with the Public Works Financial and Accounts Rules led to unfruitful expenditure of ₹ 2.04 crore on construction of main dam and canal, besides, denying the farmers of irrigation facilities in 134 hectares of agriculture land.

Rules 298 and 351 of Public Works Financial and Accounts Rules, (PWF & ARs) provide that land should be acquired well in advance and no work should commence on a land, which has not been duly made over by competent civil officer. An audit observation was made on non-acquisition of land before sanctioning of project in paragraph 4.1 of the Report of the Comptroller and Auditor General of India for the year ending 31 March 2001 (Civil)-Government of Rajasthan. In compliance, State Government issued instructions (March 2007) to the effect that dispute-free land should be ensured before proposing a project and action for land acquisition be completed before getting a project sanctioned.

Test check (August-September 2009) of the records of the Executive Engineer, Water Resource (WR) Division, Dungarpur revealed that State Government issued (July 2006) administrative and financial sanction of ₹ 2.76 crore for construction of Bor ka Bhatra Minor Irrigation Project (Project), Dungarpur to provide irrigation to 134 hectare (ha) land. However, Additional Chief Engineer (ACE), WR, Udaipur Zone[20] without waiting for the land to be acquired, awarded (March 2007) the work of head works (main dam) of the project to contractor 'A' at a cost of ₹ 1.87 crore[21] with stipulated date of completion as 11 March 2008. It was further noticed that before initiating (February 2007) land acquisition proceedings for the main dam, canal work was awarded (November 2006) to contractor 'B' and was completed in April 2008 at a cost of ₹ 0.37 crore. Of 39 land owners whose land (21.6 ha) was coming in submergence of dam, 22 land owners did not

20. WR Division, Dungarpur falls under jurisdiction of ACE, Udaipur.
21. ₹ 0.09 crore (5 *per cent*) extra on work's Schedule 'G' amount of ₹ 1.78 crore.

accept cash compensation but demanded land in Rani Jhulla forest area for their rehabilitation. They raised (December 2007) protest and stopped the work of the Dam. As a consequence, the work of the main dam was lying incomplete after incurring an expenditure of ₹ 1.67 crore (June 2009). The process of land acquisition remained incomplete as the issue of rehabilitation of displaced farmers was not resolved as of December 2010.

Thus, non-compliance with the Public Works Financial and Accounts Rules led to unfruitful expenditure of ₹ 2.04 crore on construction of main dam and canal, besides, denying the farmers of irrigation facilities in 134 hectares of agriculture land.

The State Government intimated (December 2010) that charge sheet against the defaulter officer for issuing work order before acquiring land has been prepared and submitted to Administrative Department for further action.

3.3 Audit against propriety and cases of expenditure without adequate justification

Authorisation of expenditure from public funds has 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 hereunder.

Agriculture Department

3.3.1 Quarters at Krishi Vigyan Kendras lying vacant

Defective planning and improper selection of site for quarters by Rajasthan Agriculture University, Bikaner resulted in unfruitful expenditure of ₹ 1.69 crore on construction of staff quarters at *Krishi Vigyan Kendras*.

The Indian Council of Agriculture Research (ICAR) provided (July 2004) ₹ 2.29 crore[22] to the Director, Rajasthan Agriculture University, Bikaner (RAU) for construction of staff quarters at *Krishi Vigyan Kendras* (KVKs) of the University under the Centrally Sponsored Scheme for establishment of KVKs.

Audit scrutiny (May-August 2009) of the records of RAU, Bikaner and further information collected (May-June 2010) revealed that during February 2005 to August 2007, the RAU issued administrative and financial sanction of ₹ 2.29

22. July 2004: ₹ 0.72 crore; March 2006: ₹ 1.39 crore and June 2007: ₹ 0.18 crore.

crore for construction of 63 staff quarters at 10 KVKs[23]. The site for the quarters was proposed by an Internal Expert Committee constituted by the RAU and approved by a Committee of ICAR. Construction of 57 staff quarters at nine KVKs was completed between January 2005 and September 2009 at a cost of ₹ 2.21 crore. However at KVK, Jaisalmer, construction of six quarters was stopped (August 2005) by army as the site selected for works was near their ammunition depot. These quarters were lying incomplete after incurring an expenditure of ₹ 8 lakh. Of the 57 quarters completed, only 17 quarters were allotted and 40 quarters which were completed during January 2005 to September 2009 could not be allotted ***(Appendix 3.1)***.

The reasons for their non-allotment were attributed by the Programme Coordinators of the respective KVKs to lack of basic amenities (12 quarters) and non-provision of electricity and drinking water supply (28 quarters). Besides, as intimated by the respective Kendras (June 2009 and May/June 2010) the construction of quarters was sanctioned without any demand from the KVKs as no proposals were called for by the RAU from KVKs (except KVK, Jhunjhunu). Thus, expenditure of ₹ 1.69 crore incurred on construction of 40 quarters lying vacant (₹ 1.61 crore) and six quarters lying incomplete (₹ 0.08 crore) proved unfruitful.

The RAU accepted (August 2009 and August 2010) that the quarters constructed at KVKs were far from the city and could not be allotted due to lack of basic amenities and lack of demand. Besides, no separate funds were provided for these amenities.

Thus, defective planning and improper selection of site for quarters by Rajasthan Agriculture University, Bikaner resulted in unfruitful expenditure of ₹ 1.69 crore on construction of staff quarters at *Krishi Vigyan Kendras*.

The State Government endorsing the reply of RAU, stated (October 2010) that the quarters constructed at KVKs were located far from the City and could not be used for want of basic amenities and lack of demand.

Forest Department

3.3.2 Rolling fund for income generating activities remained unutilised

Income generating activities under the Rajasthan Forestry and Biodiversity Project could not be started due to non-formation of Self Help Groups resulting in ₹ 4.08 crore remaining undisbursed.

The Rajasthan Forestry and Biodiversity Project (Project) implemented (March 2003) in 18 districts of Rajasthan by the Forest Department of the State Government provided participation of public in the project by

23. Ajmer, Alwar, Bharatpur, Dausa, Dholpur, Jaisalmer, Jhunjhunu, Karauli, Nagaur and Sawaimadhopur.

constitution of Village Forest Protection Management Committee (VFPMC) [24] in each village. Deputy Conservator of Forests (DCF)/Divisional Forest Officers (DFO) were to constitute VFPMCs and monitor their working. VFPMCs were to undertake plantation and other income generating activities under the project by constituting Self Help Groups (SHGs)[25]. Each VFPMC was to grant loan to four SHGs.

The DCFs/DFOs were to provide ₹ 0.80 lakh to each VFPMC as 'Rolling Fund' for granting loans at ₹ 0.20 lakh to each SHG once in the project period (2003-08)[26] for undertaking income generating activities (IGA)[27]. VFPMCs were to ensure that the SHGs undertake IGAs and refund the loan to VFPMC. These refunds could be utilised by VFPMCs in sanctioning loan to other SHGs.

Scrutiny (November 2007 and May 2008) of records of four divisions revealed that during 2003-08, DCFs/DFOs deposited ₹ 1.02 crore[28] as 'Rolling Fund' into bank accounts of 89 VFPMCs for giving loans to 356 SHGs. Against this, the VFPMCs disbursed loans of ₹ 5 lakh only to 19 SHGs and ₹ 0.97 crore remained unutilised for want of formation of required number of SHGs. It was noticed that only after Audit called for (February 2009) information pertaining to all Divisions, the Technical Assistant to Additional Principal Chief Conservator of Forests (APCCF), Arawali Project, Jaipur instructed (March 2009) all the DCFs/DFOs to form SHGs and provide the funds as loan to them for undertaking IGAs for the period 2003-04 to 2008-09. The status of release of funds to VFPMCs, disbursement of loan to SHGs and unspent balance with VFPMCs/ SHGs as collected (February 2010) in respect of 28 divisions (including above mentioned 4) from the APCCF, Jaipur indicated that out of ₹ 5.64 crore released to VFPMCs for loaning to SHGs, ₹ 4.08 crore[29] were lying unutilised with VFPMCs as of March 2009. The status of division wise position has been given in ***Appendix 3.2***.

Four other DCFs[30] continued to release funds (₹ 0.48 crore) to 118 VFPMCs even though these VFPMCs did not transfer any sum to the 44 SHGs that were formed. Though the poor formation of SHGs was discussed in the half yearly/yearly review meeting of the project by PCCF, no effective steps appear to have been taken for formation of SHGs. The envisaged objective of generating income under the project could also not, therefore, be achieved.

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24. VFPMCs: All the adult members of a village would constitute VFPMCs with at least 33 *per cent* women members. Besides, *Panch/Sarpanch* of the village, *Vanpal*, *Van Rakshak* and *Van Prasarak* of the Forest Department would be Member Secretary.
25. SHGs: To be constituted from 10 to 15 members of same interest/caste/community having same socio economic back ground.
26. Project closed in March 2008.
27. Lift Irrigation, non-timber forest produce processing, skill upgradation, tailoring, weaving/knitting, midwifery training etc.
28. Deputy Conservator of Forest (Central) (DCF), Jaipur: ₹ 0.19 crore; DCF, Social Forestry, Sawaimadhopur: ₹ 0.23 crore; DCF (Central), Udaipur: ₹ 0.35 crore; Deputy Chief Wild Life Warden, Udaipur: ₹ 0.25 crore.
29. Including ₹ 0.97 crore in four divisions test checked.
30. DCF, WFP, Jaisalmer: ₹ 0.04 crore; 33 VFPMCs; DCF, Wild Life, Mount Abu: ₹ 0.02 crore: 13 VFPMCs; DCF, DAPD, Pali, Marwar: ₹ 0.28 crore: 47 VFPMCs and DCF & DD Core Tiger Project, Sawaimadhopur: ₹ 0.14 crore; 25 VFPMCs.

Thus, due to ineffective action and improper monitoring by the DCFs/DFOs income generating activities under the Rajasthan Forestry and Biodiversity Project could not commence resulting in non utilisation of ₹ 4.08 crore meant for the Rolling Fund.

APCCF had asked (April 2010) the DCFs/DFOs to furnish details of fund allotted/released to SHGs during 2003-09 but the same was not furnished by DCFs/DFOs despite repeated reminders. Further, no SHGs were formed during 2009-10 except in Sawaimadhopur Forest (core) Division.

The State Government stated (October 2010) that the low performance was due to implementation of scheme in remote villages having backward/poor and uneducated people. The State Government should have devised arrangements keeping in view these factors. Failure of the Department in doing so led to non-achievement of the objective of the Project to generate income to the villagers through formation of SHGs to undertake income generating activities with the help of loans.

Medical Education Department

3.3.3 Hostel building lying unused

Departmental failure in assessing the requirement of hostel led to an unfruitful expenditure of ₹ 1.32 crore on hostel building lying unused for over two years.

The State Government conveyed (May 1999) administrative approval and financial sanction of ₹ 4.79 crore to Chief Engineer, Public Works Department (PWD), for construction works[31] in Medical College, Kota including ₹ 1.64 crore for construction of Boys' Hostel (Hostel) at Medical College, Kota. Superintending Engineer, PWD Circle, Kota accorded (March 2006) technical sanction of ₹ 1.64 crore for this work. The hostel was completed in May 2007 at a cost of ₹ 1.32 crore. This was taken over by the college authorities in May 2008 but was lying unoccupied since then.

Scrutiny (November-December 2009) of the records of Principal and Controller, Medical College, Kota revealed that the two existing hostels for boys and girls with a capacity of 108 and 112 rooms respectively remained under occupied[32] during 2005-10. The post graduate (PG) students (boys) for whom the new hostel was proposed were residing in the hostel of the Maharao Bhim Singh (MBS) Hospital, Kota since June 2001. Joint physical verification[33] of hostel building revealed (May 2010) that all the rooms (28) of the hostel were lying unoccupied and shrubs were growing in the open area.

31. Playground: ₹ 35 lakh; Drainage for existing Nala: ₹ 53.42 lakh; Auditorium: ₹ 62 lakh; Boys and girls hostel: ₹ 164.24 lakh each.
32. Occupancy in boys hostel: 45 to 100; in Girls hostel: 80 to 108.
33. Conducted by the audit party with a college official deputed by the Principal, Medical College, Kota.

Thus, investment of ₹ 1.32 crore on construction of the hostel building remained idle since May 2008.

Unutilised Boys Hostel Building (PG) at Medical College, Kota

The State Government stated (May 2010) that the hostel would be utilised by allotting rooms to new entrants of the Batch-IV of MBBS and PG students as the seats would be increased by 50. The reply confirms that the initial proposal was prepared without assessing the actual requirement.

Medical and Health Department

3.3.4 Staff quarters lying vacant

Construction of residential quarters at an inappropriate site in Dausa and delay in provision of water and electricity connections in nine residential quarters at Laxmangarh resulted in unfruitful expenditure of ₹ 1.02 crore, as these quarters were lying vacant for two to five years.

The Principal Secretary, Medical and Health Department, while inspecting the newly constructed building of the District Hospital, Dausa directed (April 2003) construction of residential quarters for doctors and para medical staff, on minimum need basis in the premises of the hospital on priority, to ensure provision of immediate medical relief to accident victims as the hospital was situated on NH-11. The Principal Medical Officer, District Hospital, Dausa (PMO) instructed (June 2003) Executive Engineer, Public Works Department (PWD), Division Dausa (EE) to construct 13 quarters[34].

Scrutiny (March 2009) of the records of PMO revealed that the construction of residential quarters was not included in the administrative and financial sanction of ₹ 5 crore issued (May 1999) by the State Government for construction of District Hospital building. However, after meeting requirement of ₹ 0.70 crore for completing balance work of first floor of the District Hospital, ₹ 0.50 crore was available with the EE. Therefore, seven[35]

34. Type-II: 1, Type-III, IV and V: 4 each.
35. Type-II: 1, Type-III: 2, Type-IV: 2 and Type-V: 2.

residential quarters were constructed (August 2005) at a cost of ₹ 55.21 lakh[36] in the hospital premises at the sites selected by the then PMO. These were handed over to PMO in October 2005. Of the seven quarters, four quarters[37] were allotted (April 2006) to staff but none of the allottees took possession and they applied (May 2007) for cancellation of the allotment as the quarters were far from urban habitations and surrounded by mortuary, cremation ground, depot of dead animals and sand dunes causing threat to life and property. Applications for allotment of quarters were again invited (March 2008) but none of the staff members applied for allotment. The PMO informed (January 2010) Audit that higher authorities have been requested (September 2009) for guidance to utilise these residential quarters for other activities of hospital.

The State Government stated (August 2010) that the quarters have been inspected by a departmental committee and these would be made suitable for occupation after construction of compound wall and repair of quarters as per recommendations of the committee.

The fact remains that quarters constructed in August 2005 were lying vacant even after a lapse of more than five years rendering an expenditure of ₹ 55.21 lakh unfruitful.

Similarly, State Government accorded (October 2006) administrative approval and financial sanction of ₹ 55.20 lakh for construction of nine[38] residential quarters at Community Health Centre (CHC), Laxmangarh, Alwar under National Rural Health Mission. The works were to be carried out by Rajasthan Health System Development Project.

Information collected (May 2010) from Director, Medical and Health Services and Medical Officer (MO) Incharge, CHC, Laxmangarh, Alwar revealed that the nine residential quarters completed (April 2008) at an expenditure of ₹ 47.16 lakh were taken over by MO in September 2008. During joint physical verification conducted in May 2010[39], it was seen that water and electricity connections in the quarters were not provided. The quarters were lying vacant.

The State Government stated (August 2010) that electric connections have been provided in the quarters and these would be allotted after providing water facilities and some minor repairs. The fact remains that the quarters were lying unoccupied since September 2008.

Thus, construction of residential quarters at an inappropriate site in Dausa and delay in provision of water and electricity connections in nine residential quarters at Laxmangarh resulted in unfruitful expenditure of ₹ 1.02 crore, as these quarters were lying vacant for two to five years.

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36. ₹ 41.78 lakh on civil works, ₹ 5.36 lakh on internal road and ₹ 8.07 lakh on electric fitting and street light.
37. Type-III: 2; Type-IV: 1; Type-V: 1.
38. Medical Officer (4), Para Medical staff (4) and Class-IV (1).
39. By an officer of Audit and Medical Officer, CHC, Laxmangarh.

Public Health Engineering and Indira Gandhi Nahar Departments

3.3.5 Construction of lift canal with additional capacity

Change of off take point for drawing of drinking water at Indira Gandhi Main Canal by Public Health Engineering Department after construction of Jai Narain Vyas Lift Canal resulted in avoidable extra expenditure of ₹ 18.34 crore.

Indira Gandhi Nahar Board, Bikaner of the Indira Gandhi Nahar Department (IGND) decided (January 1996) to construct Jai Narain Vyas[40] (JNV) lift canal (25.8 km) as a common carrier for carrying 265 cusecs[41] of water to provide irrigation in culturable command area (CCA) of 32,120 hectare (171.937 cusec) and for drinking water (93.063 cusec) at the request (May 1993) of the Chief Engineer (CE), Public Health Engineering Department (PHED), Rural Jaipur. The CE proposed to draw water from the tail (RD[42] 1201.7) of the JNV canal for the Water Supply Scheme Pokaran Phalsoond (WSSPP). For lifting the additional water demand of PHED, besides increasing the capacity of canal, the number and capacity of pumps was also proposed to be increased from 28[43] to 38[44]. The cost of construction of the JNV lift canal was to be shared between PHED and IGND in the ratio of their water demands. The JNV lift canal in full length of 25.8 km with total capacity (265 cusec) was completed in September 2005 at a cost of ₹ 39.01 crore. Besides, ₹ 13.21 crore was also spent as of August 2010 on instalation of three pumping stations (electrical and mechanical work) to lift water from the canal.

Test check (December 2007) of records of the Executive Engineer (EE) 28th Division, IGND, Phalodi and further information collected (December 2009) revealed that on the issue of sharing of cost it was decided (January 1996)[45] that PHED would share the cost as and when it starts drawing water from the canals.

Scrutiny of records of CE, PHED, Jodhpur revealed (August 2010) that the CE, PHED, Jodhpur proposed (March 2006) to change the off take point from tail of the JNV lift canal to direct outlet at RD 1251.500 of Indira Gandhi Main Canal (IGMC) on the ground of greater reliability of water supply. The off take point was subsequently finalised (November 2006) at RD 1253.500 on IGMC (left side). The PHED deposited (January 2008) estimated cost of ₹ 0.63 crore with EE, Division-I, Poogal Branch, IGNP, Phalodi for

40. Earlier known as Pokaran Lift Canal. A lift canal is a canal where water has to be pumped by lifting through mechanical and electrical means (pumps) for onward supply.
41. IGND: 171.937 cusec and PHED: 93.063 cusec.
42. Reduced Distance.
43. 23 pumps: 1.50 cusec each; 5 pumps: 1 cusec each.
44. 21 pumps: 1.80 cusec each; 12 pumps: 1.5 cusec each and 5 pumps: 1 cusec each.
45. In the meeting held on 11 January 1996, under the Chairmanship of Chief Secretary with officers of PHED and IGND.

construction of a Head Regulator, but the work has not yet been taken up (January 2011).

Change of off take point for drawing of drinking water at Indira Gandhi Main Canal by PHED after completion of construction of JNV lift canal indicated that PHED had not done the required planning before requesting IGND to construct the JNV lift canal with additional capacity as a common carrier to meet the demand of WSSPP from the tail of the lift canal. An avoidable extra expenditure of ₹ 18.34 crore[46] had been incurred on construction of the JNV lift canal.

The State Government (IGND) replied (May 2010) that as the construction of the JNV lift canal with additional capacity was at the request of PHED, responsibility of unfruitful expenditure lies on that Department.

The State Government (PHED) replied (August 2010) that additional capacity of the JNV lift canal could be utilised by the IGND by extending command area and optimum utilisation of water. The reply was not tenable as it was an after thought and not based on any concrete planning by IGND. In fact IGND has reduced/limited its proposed CCA of 32,120 ha to 26,327 ha in May 2007 due to increasing demand of water for drinking and industrial purpose and only 16,933 ha has been opened for irrigation as of March 2010. However, even in this area no irrigation could be done for want of construction of water courses.

Public Health Engineering Department

3.3.6 Procurement of pipes at higher rates

Procurement of pipes through contractor at rates higher than the existing rate contract, resulted in avoidable extra expenditure of ₹ 0.65 crore.

Additional Chief Engineer (ACE), Public Health Engineering Department (PHED), Jaipur Region, Jaipur sanctioned (May 2007) technical estimates for ₹ 1.94 crore for the work of providing, laying and jointing of Ductile Iron (DI) pipeline from main road (No. 9A) of Vishwakarma Industrial Area to sector 4 of Vidhyadhar Nagar. This included ₹ 1.25 crore being the cost of 5,400 metre DI pipes of 400 mm (class K-9) dia. It was noticed that the ACE, Jaipur invited (April 2007) tenders for providing, laying and jointing, testing and commissioning of DI pipeline with specials, valves and jointing material at item rate basis. The quoted rates included supply of pipes by the contractor. Negotiated offer of contractor 'A' being lowest for ₹ 2.03 crore[47] was approved by the ACE, Jaipur which included supply of DI pipes at ₹ 3,420 per metre.

46. ₹ 52.22 crore X 93.063/265 = ₹ 18.34 crore: Additional cost in proportion to additional capacity of canal for drinking purpose.
47. ₹ 0.08 crore for civil works for earth excavation, cement concrete, RR store masonry work at 19 *per cent* above Schedule 'G' rates of Basic Schedule of Rates (BSR) items and ₹ 1.95 crore for non BSR items i.e. supply of DI pipes with valves and fittings alongwith laying, jointing and testing of pipeline.

The work order was issued (May 2007) by the ACE with stipulated date of completion of work as 27 September 2007. Contractor 'A' was paid (October 2008) ₹ 2.04 crore including ₹ 1.85 crore for supply of 5,418 metre DI pipes.

Test check (March 2009) of the records of the Executive Engineer, PHED, City Division, Production and Distribution (North), Jaipur (EE) revealed that though a rate contract with M/s Jindal Saw Limited, New Delhi (firm 'B') for supply of pipes of various sizes was valid upto 1 June 2007[48], the ACE did not procure DI pipes at the rate contract price of ₹ 2,214 per metre exclusive of Excise Duty (ED) from firm 'B'. Instead, DI pipes were obtained from contractor 'A' at a higher price of ₹ 3,420 per metre at a total cost of ₹ 1.85 crore. It was also observed that the pipes were procured by the contractor 'A' from firm 'B' which was availing benefits of exemption from payment of ED under an 'incentive scheme, 2001 for economic development of Kutch District (Gujarat)'. The pipes were taken in sub- divisional store and issued to contractor 'A' through issue notes. Non-procurement of pipes departmentally, directly from firm 'B' at existing rate contract led to avoidable extra expenditure of ₹ 0.65 crore[49].

The State Government stated (August 2010) that as the supplier firm 'B' holding the rate contract refused to supply DI pipes at rates exclusive of excise duty the rate contract became ineffective, and the supply of pipes was not taken in divisional stores. The fact remains that the Department did not execute the rate contract with firm 'B' for supply of pipes on rates excluding ED even though the firm 'B' was availing exemption from payment of ED. Further, these pipes were issued to the contractor from sub-divisional store by issue notes (No. VKIA/71 dated 1 September 2007).

Thus, procurement of pipes through contractor at rates higher than the existing rate contract, resulted in avoidable extra expenditure of ₹ 0.65 crore.

Water Resources Department

3.3.7 Work awarded at higher cost

Non-acceptance of tender within the extended validity period led to re-tendering and award of work at higher cost within a span of six months resulting in extra expenditure of ₹ 0.56 crore.

The Superintending Engineer, Narmada Canal Circle-I, Sanchore invited (April 2006) tenders for earth work excavation and pre-cast cement concrete lining of Vank Minor (10.285 km) and Bhuwana Minor (7.110 km) of Vank Distributory to provide irrigation in 2136.73 hectare area under a single package. Single offer of tenderer 'A' for ₹ 2.90 crore[50] received was submitted

48. Rate of 400 mm dia pipe (class K-9); ₹ 2568 per metre with excise duty (ED) and ₹ 2214 per metre without ED (16 *per cent*)
49. ₹ 1.85 crore (-)₹ 1.20 crore @ ₹ 2,214 per metre for 5,418 metre = ₹ 0.65 crore.
50. 19.11 *per cent* above Schedule 'G' of ₹ 2.44 crore.

(17 July 2006) to next higher authority i.e. Empowered Committee[51] (EC) for approval/consideration. EC decided (27 July 2006) to give tenderer 'A' a counter offer of ₹ 2.85 crore (16.96 *per cent* above Schedule 'G'). The tenderer 'A' accepted (August 2006) the counter offer and extended the validity of his offer upto 30 September 2006. After the expiry of validity period in September 2006, the Chief Engineer (CE), Water Resources Department (WRD), Jaipur asked (13 October 2006) the CE, NCP, Sanchore for getting the validity of tenderer A's offer further extended upto 30 November 2006. The tenderer 'A' refused (November 2006) to extend the validity of his offer on the grounds that the firm had extended the validity once and that the rates had increased. The CE, WRD, Jaipur rejected (December 2006) the tender and invited fresh tenders.

Tenders were re-invited (December 2006) after splitting the work in two and the CE, NCP, Sanchore sanctioned (April 2007) the work of Bhuwana Minor in favour of contractor 'B' at 19.09 *per cent* above Schedule 'G'[52] aggregating to ₹ 1.39 crore and work of Vank Minor to contractor 'C' at 24 *per cent* above Schedule 'G' aggregating to ₹ 2.39 crore. Contractor B and C completed (January 2008) the works at a cost of ₹ 3.09 crore (Bhuwana Minor: ₹ 1.16 crore, Vank Minor: ₹ 1.93 crore)

Test check (October 2009) of the records of CE, WRD, Jaipur revealed that the EC directed (27 July 2006) the CE not to resubmit the tender case to them if the tenderer 'A' accepts the counter offer of ₹ 2.85 crore and extends the validity period upto 30 September 2006. Therefore, the CE, WRD, Jaipur was required to issue the work order to tenderer 'A'. However, the CE resubmitted (20 September 2006) the tender case to Government instead of issuing work order to the tenderer 'A'. Non-issue of work order within the extended validity period led to award (April 2007) of work at an avoidable extra cost of ₹ 0.56 crore, worked out as difference of cost of actual quantities of work done by contractor ‘B’ and ‘C’ (₹ 3.09 crore) and the amount payable for same quantities of work as per rates of contractor ‘A’ (₹ 2.53 crore).

The State Government stated (October 2010) that the tender case resubmitted (September 2006) by CE was returned (November 2006) for furnishing some information. Meanwhile, the validity of rates of tenderer 'A' expired (30 September 2006). Therefore, there was no delay on the part of the Department. The reply did not mention reasons for delay in finalisation of tender before expiry of the validity period.

Thus, non-acceptance of tender within the extended validity period led to re-tendering and award of work at higher cost within a span of six months resulting in extra expenditure of ₹ 0.56 crore.

51. Constituted (December 1993) under the Chairmanship of Principal Secretary, Water Resources Department, Rajasthan for consideration of tender cases of earth works.
52. Based on Basic Schedule of Rates (BSR), 2006.

3.4 Persistent and pervasive irregularities

An irregularity is considered persistent if it occurs year after year. It becomes pervasive when it is prevailing in the entire system. Recurrence of irregularities, despite being pointed out in earlier audit is not only indicative of non-seriousness on the part of the executive but is also an indication of lack of effective monitoring. This, in turn, encourages willful deviations from observance of rules/regulations and results in weakening of the administrative structure. Some of the cases reported in Audit about persistent irregularities have been discussed below:

Finance Department

3.4.1 Persistent excess payment of pension

Failure of the treasury officers to exercise prescribed checks led to excess/irregular payment of pension/family pension amounting to ₹ 66.83 lakh.

Treasury Officers (TOs) are responsible for checking the accuracy of pension payment, family pension and other retirement benefits made by the banks with reference to the records maintained by them, before incorporating the transactions in their accounts.

Cases of excess payments to pensioners have been mentioned in the earlier Audit Reports (Civil)[53]. The Public Accounts Committee recommended (2001-02) that recoveries of excess payment be effected, responsibility fixed against defaulting officers and the administrative inspection of treasuries be strengthened to avoid recurrence of such irregularities in the future. The Department issued (16 August 2002) necessary instructions to the TOs for verification of pension payments by conducting visits to the banks. While examining paragraph 4.2.5 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 (Civil)-Government of Rajasthan, the Public Accounts Committee (2006-07) again took a serious view. Accordingly, the Joint Director (Budget and Accounts), Directorate of Treasury and Accounts instructed (April 2007) the concerned TOs to implement provisions regarding lump sum recovery, effect full recovery and ensure avoidance of reoccurrence of excess payment of pension.

Test check (April 2009 to March 2010) of records relating to pension payments made by 107 banks/247 treasuries and sub-treasuries, however, revealed that excess/irregular payments of superannuation/family pensions

53 . Paragraph 3.2 of 1997-98, paragraph 3.7 of 1999-2000, paragraph 4.4.1 of 2002-03, paragraph 4.2.5 of 2003-04, paragraph 4.4.1 of 2004-05, paragraph 4.1.3 of 2005-06, paragraph 4.5.7 of 2006-07, paragraph 4.4.3 of 2007-08 and paragraph 3.3.2 of 2008-09.

were made to 270 pensioners[54], amounting to ₹ 66.83 lakh during August 1995 to December 2009 as detailed below:

(₹ in lakh)

Sl.No.	Particulars	Excess payment made		Recoveries effected at the instance of audit	
		Number of cases	Amount	Number of cases	Amount
1.	Family pension not reduced after expiry of the prescribed period (Rule 62 of Rajasthan Civil Services (Pension) Rules 1996).	64	15.80	59	15.75
2.	Family pension not stopped after attaining the age of 25 years/ marriage/ employment of dependents (Rule 67).	2	1.53	2	1.53
3.	Pension not reduced after its commutation (Rule 28).	18	2.15	18	2.15
4.	Pension credited in Bank Accounts without receipt of Life Certificates (Rule 134).	5	3.59	5	3.59
5.	Pension paid after death of pensioners.	3	0.84	3	0.84
6	Dearness relief paid to pensioners during the period of their re-employment (Rule 164).	1	0.28	1	0.28
7.	Dearness Pay wrongly paid.	14	3.57	14	3.57
8.	Pension and Dearness Relief paid at higher rate than admissible.	133	32.27	133	32.27
9.	Non-recovery of dues from gratuity payments (Rule 92).	14	0.87	7	0.71
10.	Miscellaneous	16	5.93	16	5.93
	Total	**270**	**66.83**	**258**	**66.62**

Mention was made in paragraph 3.5.10.2 of Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 (Civil)-Government of Rajasthan that despite there being facility in the Treasury Computerisation System Software to generate pension check register, the same was not being maintained at any test checked treasury[55] resulting in overpayment of pensionary benefits. Director of Treasury and Accounts (DTA) stated (September 2010) that the TOs have been directed to maintain pension check register and a software for comparing soft copy of details of payments to pensioners by banks with pension check register has also been made available to the TOs to enable them monitoring of cases of excess payment. The reply confirms that inspite of provision for internal control, these were not being adhered to.

54. **Banks**- Ajmer: 33, Alwar: 10, Banswara: 7, Barmer: 15, Bikaner: 70, Bharatpur: 3, Bhilwara: 10, Dausa: 1, Jaipur: 26, Jaisalmer: 1, Jhunjhunu: 2, Pratapgarh: 6 and Udaipur: 48.
Treasuries- Ajmer: 6, Barmer: 1, Bharatpur: 1, Churu: 10, Hanumangarh: 2, Jaipur: 3, Jalore: 1, Jhalawar: 9, Pali: 1, Sawaimadhopur: 1, Sikar: 2 and Udaipur: 1.
55. Ajmer: ₹ 53.79 lakh, Alwar: ₹ 40.97 lakh, Jaipur (Secretariat): Nil, Jaipur (City): Nil, Jaipur (Pension): ₹ 120.99 lakh, Jodhpur (City): Nil, Jodhpur (Rural) : ₹ 62.69 lakh, Kota: ₹ 26.54 lakh, Sikar: ₹ 25.75 lakh, Tonk: ₹ 5.26 lakh and Udaipur: ₹ 51.51 lakh.

The irregularities, therefore, continued to persist due to failure of the TOs in conducting concurrent checks of payments made by banks by maintaining pension check registers.

The State Government accepted (July 2010) the facts and recovered ₹ 66.62 lakh at the instance of audit.

Higher Education and Technical Education Departments

3.4.2 Grant of affiliation to private colleges without recovery of penalty

Non-compliance with Ordinance 80 and Statute 37 of University of Rajasthan and irregular relaxation of the provisions by two Universities led to undue benefit to private colleges/institutions by grant of affiliation for one to five academic years without recovery of a penalty of ₹ 7.01 crore.

Mention was made in paragraph 3.1.5 of the Report of the Comptroller and Auditor General of India for the year ending 31 March 2009 (Civil)-Government of Rajasthan regarding non-compliance with Ordinance 80 and Statute 37 of University of Rajasthan (UoR)[56] by Rajasthan University of Health Sciences (Medical Education Department) which led to undue benefit to 21 private medical, dental, nursing, pharmacy and physiotherapy colleges as affiliation was granted (2006-07, 2007-08 and 2008-09) without recovering due fees/penalty of ₹ 25.75 lakh for delayed submission of applications. The State Government stated (June 2010) that ₹ 14.95 lakh have been recovered from nine institutions and efforts were being made to recover the remaining amount from 12 institutions.

Scrutiny (October-December 2009) of the records relating to colleges seeking affiliation from Mohan Lal Sukhadia University, Udaipur (MLSU) and further information collected (August 2010) revealed that applications for affiliation for the sessions 2006-07 (32 colleges), 2007-08 (53 colleges), 2008-09 (75 colleges) and 2009-10 (70 colleges) were received after 31 December of the preceding year without depositing required penalty of ₹ 4.05 crore as required under Ordinance 80 and Statute 37 of UoR[57]. MLSU granted affiliation to these 75 private colleges for one to four academic years without recovery of due penalty ignoring the provisions of Ordinance 80 and Statute 37 of UoR. Further, the Academic Council of MLSU issued (September 2009) guidelines for framing Rules and regulations for granting affiliation to private and Government colleges which, *inter alia*, provided submission of a written

56. Ordinance 80 and Statute 37 of University of Rajasthan (UoR) (Hand Book Part-II, 2005) provide submission of a written application by institutions seeking affiliation of UoR for the first time or for extension in the temporary/provisional affiliation not later than 31 December of the preceding year alongwith prescribed affiliation fee. Application could also be entertained upto 30 April with penalties equal to amount of affiliation fee and upto 7 July with penalties equal to double the amount of affiliation fee respectively.
57. Adopted by the Academic Council of MLSU in February and May 1989, till their own Rules are framed.

application for affiliation to University with prescribed fee not later than 31 December of preceding academic year. However, application for affiliation could be accepted with a late fee upto 30 May, ignoring the provision of penalty in vogue for late submission of such applications. No action has been taken by the MLSU for recovery of due penalty from the Colleges (August 2010).

In response to an audit query, the Registrar, MLSU informed (December 2009) that non-recovery of penalty was due to oversight. MLSU further stated (December 2010) that charging late fees was not justifiable as the provision of late fees did not exist under rules. Now the Academic Council has resolved (January 2010) charging of a late fee of ₹ 15,000 from the colleges who do not pay prescribed affiliation fee by 31 December. The reply was not tenable because the Rules of UoR were applicable to MLSU before decision was taken (January 2010) by Academic council. The contention was not supported by the State Government and the resolution did not bear approval of the Chancellor. No reasons for prescribing late fees less than that prescribed by UoR have been intimated by MLSU.

Similarly, scrutiny (April 2009) of the records of Rajasthan Technical University (RTU), Kota revealed that the RTU had resolved (March 2006 and June 2007) to adopt the Statutes, Ordinance and regulations of UoR till its own Statutes and Ordinance were prepared. However, contrary to the provisions of Ordinance 80 and Statute 37 of the UoR, the Board of Management (BoM) in its meeting (June 2007) resolved that applications seeking affiliation for the sessions 2006-07 and 2007-08 would be accepted without penalty upto 31 August 2007. Prior assent of the Chancellor of the RTU as required under Section 38 (4) and (5)[58] of the Rajasthan Technical University Act, 2006 was not obtained. Approval on proposal submitted (November 2009) for obtaining assent of the Chancellor for expost facto approval on decision taken (June 2007) in BoM meeting was still awaited (July 2010). Thus, irregular relaxation in crucial dates by the BoM led to extension of undue benefit to 29 private/government engineering colleges/institutions. Affiliation was granted for five academic years (2006-11) without recovering due penalty of ₹ 2.96 crore**.**

Thus, non-compliance with Ordinance 80 and Statute 37 of UoR by Mohan Lal Sukhadia University, Udaipur and irregular relaxation of provisions by Rajasthan Technical University, Kota led to extending undue benefit to private colleges/institutions by granting them affiliation varying from one to five academic years without recovering penalty/fee of ₹ 7.01 crore due from them.

The State Government stated (October 2010) that MLSU has been asked to recover the amount of affiliation fees and in respect of RTU, Kota, a copy of the request made for obtaining expost-facto approval of the Chancellor has been endorsed to Audit.

58. **Section 38 (4):** Every Statute passed by the Board shall be submitted to the Chancellor who may give or withhold his assent thereto or send it back to the Board for reconsideration.
Section 38 (5): No Statutes passed by the Board shall be valid or shall come into force until they are assented to by the Chancellor.

Public Health Engineering Department

3.4.3 Payment of price escalation charges in lump sum contract

Inclusion of price escalation clause in lump sum contract in contravention of the Rule 378 of Public Works Financial and Accounts Rules led to inadmissible payment of price escalation charges of ₹ 54 crore to the contractors by five Public Health Engineering Divisions.

Rule 378 of Public Works Financial and Accounts Rules (PWF&ARs) provides that in lump sum contracts, the contractor agrees to execute a complete work with all its contingencies in accordance with drawings and specifications for a fixed sum and the detailed measurements of work done are not required to be recorded except for addition and alteration. Therefore, inclusion of a clause on price variation in the lump sum contract agreement is not justifiable. The inadmissibility of payment of price escalation in lump sum contracts by Executive Engineer (EE), PHED Division, Phalodi was pointed out by Audit in February 2006. The State Finance Department also admitted the Audit opinion in October 2007 but did not issue instructions to concerned Departments.

Mention was made in paragraph 3.1.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2009 (Civil)-Government of Rajasthan about inadmissible payment of price escalation charges of ₹ 17.11 crore to contractors in lump sum contract during July 2005 to May 2008.

Scrutiny (May 2009-June 2010) of records of five Divisions[59] of Public Health Engineering Department revealed that the Additional Chief Engineers (ACEs), Ajmer, Bharatpur, Kota and Jaipur through respective EEs, paid ₹ 54 crore (January 2009 to March 2010) to the contractors on account of price escalation ***(Appendix 3.3)*** for eight water supply projects. The works were allotted (July 2006 to March 2008) on single responsibility turnkey/ lump sum contract basis for ₹ 938.95 crore. Incidentally, though the Finance Department had confirmed (October 2007) that price escalation was not payable in lump sum contract, instructions to the other concerned Departments[60] were issued only in January 2010 after a lapse of more than two years. Resultantly, two Divisions[61] awarded three works on lump sum contract with price escalation clause during this period.

Executive Engineers of five test checked Divisions stated (May 2009-June 2010) that price escalation has been paid as per price escalation clause

59. EE, PHED, Chambal Dholpur Bharatpur Project Division, Bharatpur; EE, Dudu-Tonk-Uniara Project, PHED, Dudu; EE, PHED, Project Division-II, Jhalawar; EE, PHED, Division Nagaur and EE, PHED, Lift Canal Division-I, Nagaur.
60. Public Works Department, Water Resources Department, Rajasthan Urban Infrastructure Development Project
61. EE, Dudu-Tonk-Uniara Project PHED, Dudu and EE, PHED, Division Nagaur.

incorporated in the agreements executed with the contractors. The argument was not acceptable as injudicious inclusion of price variation clause persistently by the departmental officers in the lump sum contract led to extra expenditure, though pointed out by Audit.

The State Government (PHED) stated (July 2010 and September 2010) that as per opinion of the Law Department, it is bound to pay the price escalation charges to the contractors where the executed agreements include such clause. The State Government has not given reasons for inclusion of such clause in the lump sum contracts executed during June 2006 to March 2008 when the irregularity was already pointed out by Audit in February 2006 and the Finance Department had also confirmed (October 2007) the audit contention. Further, the Department has wrongly interpreted that the Law and Finance Departments have consented to retention of price escalation clause in lump sum contracts in future.

The State Government (Finance Department) stated (September 2010) that Finance Department is a reference Department and gives its remarks/approval on the proposals submitted by the Administrative Department after examination of facts in the files. The reply is not tenable as the Finance Department frames financial rules and it should have issued instructions to other departments.

Thus, inclusion of price escalation clause in lump sum contract in contravention of the Rule 378 of Public Works Financial and Accounts Rules led to inadmissible payment of price escalation charges of ₹ 54 crore to the contractors by five Public Health Engineering Divisions. The expenditure on price escalation would further increase on actual completion of these works as they were still in progress.

Public Works Department

3.4.4 Award of works without acquisition of forest land and private land

Taking up of road works through private/forest land without acquisition/ approval of Forest Department led to roads remaining incomplete rendering an expenditure of ₹ 2.94 crore unfruitful.

Rule 351 of Public Works Financial and Accounts Rules lays down that no work should commence on land which has not been duly made over by responsible civil officer. The Forest (Conservation) Act, 1980 also prohibits use of forest land for other purposes without prior approval of Government of India (GoI).

Mention has been made in earlier Reports[62] of the Comptroller and Auditor General of India (Civil)- Government of Rajasthan (GoR) regarding unfruitful

62. Paragraph 3.1.10 of Audit Report 2008-09; Paragraph 4.2.4 of Audit Report 2007-08; Paragraphs 4.3.6 and 4.3.8 of Audit Report 2006-07, Paragraphs 4.1.7, 4.1.8 and 4.1.9 of Audit Report 2005-06 and Paragraph 4.2.11 of Audit Report 2003-04.

expenditure incurred during December 1998 to April 2009 on roads lying incomplete due to award of works without acquiring private land/obtaining clearance from Forest Department. After examining the paragraph 4.2.11 of the Report of the Comptroller and Auditor General of India for the year ending 31 March 2004 (Civil)-GoR, the Public Accounts Committee, 2006-07 in its 173rd Report recommended that the Department should ensure construction of road works only after acquisition of the required land. In March 2007, the State Government reiterated the instructions to observe various provisions of financial rules during execution of works including ensuring availability of dispute free land before starting construction works.

The State Government accorded (April 2006 and September 2008) administrative and financial sanctions of ₹ 4.39 crore for construction of three approach roads[63] (AR) (37.200 km) under *Pradhan Mantri Gram Sadak Yojana* (PMGSY) and one road[64] (2.200 km) under Rural Infrastructure Development Fund (RIDF) to provide connectivity by all weather roads to promote access to economic and social services thereby generating increased agriculture income and productive employment opportunities. The road works were awarded to four contractors between July 2006 and September 2008.

Scrutiny of records (September 2008 to September 2009) of Additional Chief Engineer, Public Works Department (PWD), Zone Jodhpur, Superintending Engineer (SE), PWD Circle, Barmer and Executive Engineer (EE), PWD Division, Sikandara revealed that in the technical reports of the ARs prepared by the respective EEs, it was mentioned (between May 2006 and September 2008) that land was available for all the four works and that there was no need of acquisition. However, during execution there was opposition from the members of the public who stopped construction of the three roads as the alignment was passing through their private lands. It was also seen that the work of the AR Dev to Chauhani was stopped (July 2007) by the Department as its alignment in six km was through Desert National Park, Jaisalmer. Proposals for obtaining permission of the Forest Department for execution of work in Desert National Park were sent (February 2007) by SE, PWD Circle, Jaisalmer. Though the proposals were cleared in December 2008 by the National Board for Wild Life, Government of India, approval of the hon'ble Supreme Court was awaited (October 2010). This indicated that a proper survey was not done before proposing the road works. The work of AR Thamawali to Jharwalon Ki Dhani was awarded (September 2008) flouting the recommendations of PAC and instructions issued by the State Government in March 2007 to ensure dispute free land before starting construction works.

As a consequence, the road works scheduled to be completed during May 2007 to December 2008 were lying incomplete as of May 2010 and expenditure of ₹ 2.94 crore ***(Appendix 3.4)*** had been rendered unfruitful. Besides, the purpose of providing connectivity to villages was defeated.

63. (i) AR from Dev to Chauhani (18 km): ₹ 2.02 crore, (ii) AR from Chandani to Keraliya (15.700 km): ₹ 1.52 crore, and (iii) AR from Nagarda to Naya Nagarda (3.500 km): ₹ 0.45 crore sanctioned in April 2006.
64. AR from Thamawali to Jharwalon ki Dhani (2.200 km): ₹ 0.40 crore in Dausa District sanctioned in September 2008.

The State Government stated (October 2010) that four roads were lying incomplete due to dispute with land owners, but the constructed roads are being utilised by public. The reply was not tenable as the roads constructed in reduced length than that proposed cannot provide the envisaged connectivity to villages. The reply did not specify reasons for awarding work without acquiring private land.

Thus, taking up of road works through private/forest land without acquisition/ approval of Forest Department led to incomplete works rendering an expenditure of ₹ 2.94 crore unfruitful.

Water Resources Department

3.4.5 Re-tendering without negotiation with contractors

Re-tendering of work without adhering to the provisions of Public Works Financial and Accounts Rules prescribing negotiations with all contractors, led to award of work at an extra avoidable cost of ₹ 1.49 crore.

Public Works Financial and Accounts Rules, Part II (Note below item No. 15 of Appendix-XIII) provide that in case the lowest tenderer withdraws, the competent authority may, after recording the reasons, negotiate with other qualified bidders to get the work done on original sanctioned rates and conditions or even upto two *per cent* higher or from any other experienced registered non-bidder contractors.

Chief Engineer (CE), Water Resources Department (WRD) (North), Hanumangarh, accorded (January 2004) technical sanction of ₹ 11.56 crore for the work of rehabilitation of Morgenda Distributory of Behrampura Minor and Dholipal Minor of Bhakra Canal System, District Hanumangarh and Sriganganagar as Package BK-12, under the Rajasthan Water Sector Restructuring Project.

Tender for the above work was invited (January 2004) by the CE, WRD (North), Hanumangarh, and lowest offer of firm 'A' was approved (September 2004) by the Empowered Committee (EC) under the Chairmanship of Secretary, WRD for ₹ 13.80 crore. Subsequently, second lowest bidder firm 'B' challenged (November 2004) the acceptance of the tender of firm 'A' on the ground of giving false experience certificate and reduction of rate after opening of bids. Further, firm 'B' also expressed (November 2004) its willingness to carryout the work at rates offered by firm 'A' (₹ 13.80 crore). On an enquiry, the EC observed (December 2004) that the objection raised by the firm 'B' was correct as the experience certificate issued (February 2004) by the Executive Engineer, IGNP, TMC Division, Mohangarh was false. The EC decided (December 2004) to invite fresh tenders for the work. Accordingly, CE invited (July 2005) fresh tenders. The offer of firm 'B' being the lowest was accepted. Work order was issued (May 2006) for ₹ 15.29 crore with stipulated date of completion as 11 May 2008. The work has been completed in March 2010. The contractor has been paid ₹ 17.27 crore including price escalation of ₹ 2.47 crore as of May 2010. The final bill was under process (June 2010).

Test check (April 2009) of the records of Superintending Engineer (SE), WRD, Hanumangarh revealed that when the facts of enclosing false certificate by the firm 'A' came to the knowledge of the Department in November 2004, it neither accepted the revised *suo moto* offer of firm 'B', the second lowest bidder, nor acted according to the provisions prescribing negotiations with firm 'B' or other qualified bidder/contractors to execute the work, without re-tendering. The imprudent decision of the Department to invite fresh tenders led to extra avoidable cost of ₹ 1.49 crore[65].

The State Government replied (March 2010) that the offer of firm 'B' was rejected (July 2004) by the EC, as its rates were highly ambiguous and deceitful and it was decided (December 2004) to re-invite tenders. Scrutiny of the minutes of the meeting of EC held on 7 July 2004 revealed that the EC had reckoned the offer of firm ‘B’ at ₹ 14.59 crore considering the ambiguity. Government did not mention reasons for not negotiating with other qualified bidder/ contractors.

Thus, re-tendering of work without adhering to the provisions of Public Works Financial and Accounts Rules prescribing negotiations with all contractors, led to award of work at an extra avoidable cost of ₹ 1.49 crore.

3.5 Failure of oversight/governance

Government has an obligation to improve the quality of life of the people in the area of health, education, development etc. through upgradation of infrastructure and public services. Audit noticed instances where the funds released by 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 have been discussed below:

Food, Civil Supplies and Consumer Affairs Department

3.5.1 Ration cards lying undistributed

Indecisiveness of the Department in finalising the modalities for issue of new ration cards, rendered expenditure of Rs 2.26 crore infructuous as three years of the validity period of new ration cards have expired.

Public Distribution System (Control) order, 2007 issued by Government of India (GoI) provided for issue of ration cards at an interval of every five years.

65. ₹ 15.29 crore - ₹ 13.80 crore = ₹ 1.49 crore.

Accordingly, the State Government issued (August 2007) orders for issue of new ration cards for the period 2007-12 in place of the existing ration cards valid for the period 2001-11. The existing ration cards were to be invalidated before the new ration cards were issued simultaneously in all the districts of the State. The Food, Civil Supplies and Consumer Affairs Department executed (September 2007) a rate contract with firm 'A' to print ration cards, application forms and registers. The rate contract was valid upto March 2008. District Supply Officers (DSOs) were to place orders with the firm as per their requirements. Out of 32 DSOs, 25 DSOs placed supply orders between September and November 2007 and seven[66] DSOs did not place any orders on the firm. No reasons were on record for non-placing of orders by the seven DSOs. Payment of Rs 2.26 crore was made (December 2009 to January 2010) by 25 DSOs to the firm 'A' for printing works[67].

Scrutiny (December 2009) of records of the Commissioner, Food, Civil Supplies and Consumer Affairs Department, Jaipur revealed that the High Court granted (November 2007) stay on a writ petition filed (October 2007) by appellants[68] challenging the Government order (August 2007) curtailing the validity of already issued cards (valid up to 2011). The Department suspended (November 2007) further printing of new ration cards till further orders. Finally, the High Court dismissed (May 2008) the writ petition. However, seven DSOs did not place orders for printing of new ration cards even after dismissal of the writ petition by High Court (May 2008) for want of permission from the State Government. The State Government could not decide as to whether the ration cards were to be distributed to 20.98 lakh Below Poverty Line (BPL) families identified as per survey of 1997, or to 21.08 lakh BPL families identified in survey of 2002 (list published in September 2006). Consequently, as required under the instructions (June 2003) of the GoI, the selection of beneficiaries for new *Antodaya Anna Yojana* (AAY)[69] from the rural BPL population, to whom a different colour cards were to be issued, had not been finalised (May 2010).

In the meanwhile, the State Government declared (April 2008) Bhamashah Financial Empowerment Scheme[70] in 2008-09 for financial empowerment of families of BPL, small and marginal farmers and identified Scheduled Caste/Scheduled Tribe through issue of a smart card. Audit, however, observed that the modalities of the scheme and the applicability of smart card on other schemes of the Food and Civil Supplies Department were not finalised by the Department as of June 2010. The already printed ration cards were also not distributed by the 25 DSOs for want of decision of the State

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66. Baran, Bhilwara, Chittorgarh, Jaipur, Jodhpur, Kota and Tonk.
67. Ration cards (Above Poverty Line (APL): 1.04 crore, BPL: 0.17 crore, AAY: 0.07 crore); application forms: 1.38 crore; cancellation forms: 0.06 crore; registers: 0.01 crore.
68. Saeedur Rahman Khan and others.
69. *Antodaya Anna Yojana* was started in March 2001 to provide assistance to the poorest amongst BPL families in both rural and urban areas, beneficiaries under the AAY were estimated as 15.33 *per cent* of BPL families.
70. Bhamashah Financial Empowerment Scheme was declared in 2008-09 for financial empowerment of families of BPL, small and marginal farmers and identified Scheduled Caste/Scheduled Tribe by issuance of multiple benefit biometric smart cards, which would also be used for other schemes of the State Government.

Government to consider BPL families as per survey of 1997 or 2002 and non-conducting survey of APL and AAY beneficiaries.

Thus, indecisiveness of the Department in deciding whether the number of BPL families should be reckoned as per survey of 1997 or 2002 and in finalising the modalities for issue of new ration cards under various schemes, rendered an expenditure of ₹ 2.26 crore infructuous as the new ration cards have not been distributed despite a lapse of more than three years.

The State Government stated (June 2010) that survey for beneficiaries of Above Poverty Line (APL) and *Antodaya Anna Yojana* would be conducted in the State and already printed ration cards would be distributed to the selected families accordingly. During discussion in the meeting held on 26 August 2010, the Principal Secretary, Food and Civil Supplies Department informed that a new survey for BPL beneficiaries is to be conducted in December 2010.

Home Department

3.5.2 Poor implementation of housing project

Non-provision of funds by the State Government affected the project and the completed quarters could not be handed over to the Department in absence of basic amenities. Besides, non-availing of interest rebate led to excess payment of ₹ 6.41 crore to HUDCO.

The State Government accorded (January 2007) administrative and financial sanction of ₹ 536.57 crore for construction of 10,000[71] new staff quarters for Police personnel. The cost was to be met from State Government funds (₹ 85.32 crore) and a loan from Housing and Urban Development Corporation Limited (HUDCO) (₹ 451.25 crore). Avas Vikas Limited (AVL), a company of Rajasthan Housing Board, was the nodal agency for execution of the project and the works were to be executed through Public Works Department (PWD), Rajasthan State Road Development and Construction Corporation (RSRDCC) and AVL.

HUDCO released a total loan amount of ₹ 451.25 crore to AVL during November 2007 to July 2009 in seven instalments. The AVL paid ₹ 449 crore to the PWD, RSRDCC and AVL and ₹ 445.33 crore have been spent by these agencies as of 31 March 2010, the details of which are as under:

(₹ in crore)

Year	Amount disbursed				Expenditure incurred			
	PWD	RSRDCC	AVL	Total	PWD	RSRDCC	AVL	Total
2007-08	12.00	7.00	10.00	29.00	-	-	-	-
2008-09	123.00	75.50	42.50	241.00	131.48	84.05	52.70	268.23
2009-10	82.00	54.50	42.50	179.00	84.83	53.50	38.77	177.10
Total	**217.00**	**137.00**	**95.00**	**449.00**	**216.31**	**137.55**	**91.47**	**445.33**

71. Upper subordinate: 1,000; Lower subordinate: 9,000.

Scrutiny of the records (July-August 2009) of the Director General of Police, Rajasthan, Jaipur and information collected from AVL revealed the following:

(i) Construction of 10,000 quarters was to be completed by the three executing agencies within 18 months from the date of the availability of land. The year-wise position of award of works, stipulated date of completion, quarters completed and handed over by the executing agencies as of August 2010 is given in ***Appendix 3.5***. The position of quarters sanctioned, completed, handed over and lying incomplete is summarised below:

Name of executive agency	**Number of quarters sanctioned**	**Stipulated period of completion**	**Number of quarters**		
			Completed	**Handed over**	**Incomplete**
PWD	4,935	January 2008 to December 2010	3,623	1,005	1,264
RSRDCC	2,973	April 2008 to June 2010	2,746	414	227
AVL	2,092	December 2008 to June 2010	1,559	624	533
Total	**10,000**		**7,928 (79 *per cent*)**	**2,043 (20 *per cent*)**	**2,024 (20 *per cent*)**

Source: Department obtained the information from executing agencies and furnished to Audit.

Despite spending ₹ 445.33 crore (83 *per cent* of the total project cost of ₹ 536.57 crore), merely 20 *per cent* of residential quarters (proportionate cost: ₹ 107.31 crore) have been handed over. Even, 7,928 quarters were completed with the delay of upto 27 months due to land disputes, non-availability of land, water logging, change of sites etc. As of August 2010, 5,885 completed quarters could not be handed over due to non-completion of development works i.e. external electrification and water supply arrangements etc. even after lapse of one to 23 months. Twenty *per cent* residential quarters were incomplete for want of funds. Though quarterly physical reports were submitted by AVL to Inspector General of Police (Planning and Welfare), the Department was not maintaining database of year-wise position of award of work, stipulated date of completion and actual date of completion of houses.

Audit observed that as per Article 2.4 of the loan agreement, the borrower was to invest ₹ 85.32 crore in the project in proportion to the disbursement made by HUDCO. However, the total loan amount of ₹ 451.25 crore was received by AVL by June 2009, the State Government did not release (January 2011) its share. Non-release of share by the State Government delayed completion of the project/non-execution of the developmental works.

(ii) The loan agreement executed (July 2007) between AVL and HUDCO *inter alia*, provided that the loan of ₹ 451.25 crore for 15 years would bear the rate of interest at 0.50 *per cent* below the prevailing base rate. Besides, a further rebate of 0.50 *per cent* was also admissible if bulk loan of ₹ 300 crore was taken. Thus, a rebate of 1 *per cent* on base rate of interest was admissible. Accordingly, an interest of ₹ 52.94 crore only was payable to HUDCO for the period 16 November 2007 to 28 February 2010. Against this, the Department paid (November 2007-February 2010) interest of ₹ 59.35 crore to HUDCO as per demand raised by it without ensuring correctness of the demand. This resulted in excess payment of interest of ₹ 6.41 crore ***(Appendix 3.6)***.

Thus, non-provision of funds by the State Government affected the project and the completed quarters could not be handed over to the Department in absence of basic amenities. Besides, non-availing of admissible interest rebate led to excess payment of interest of ₹ 6.41 crore to HUDCO.

The State Government stated (May 2010) that the matter of availing additional rebate of 0.50 *per cent* on bulk loan was likely to be resolved in the ensuing board meeting of HUDCO. The reply of State Government was, however, silent on the issue of non-release of State's share and slow progress of work. Further, Additional Superintendent of Police, Jaipur has informed (June 2010) that ₹ 2.98 crore has been adjusted (June 2010) by the HUDCO against outstanding principal amount. However, rebate of ₹ 3.43 crore was still to be adjusted (June 2010).

Medical Education and Public Works Departments

3.5.3 Hospital building lying unutilised

A hospital building constructed at a cost of ₹ 26.08 crore was lying unutilised for 20 months in the absence of a clear decision regarding its use.

The State Government (Medical and Health Department) accorded (May 2006) administrative and financial (A&F) sanction of ₹ 18 crore (revised to ₹ 25 crore in August 2006) for construction of hospital building '*Manas Arogya Sadan*' at Mansarovar, Jaipur to reduce the pressure on Sawai Mansingh (SMS) Hospital, Jaipur. The hospital was to start from December 2007. The hospital building was completed in April 2009 by Executive Engineer (EE), Public Works Department (PWD), City Division-II, Jaipur at a cost of ₹ 26.08 crore[72].

Scrutiny (January 2010) of the records of EE, PWD Division-II, Jaipur and further information obtained (June 2010) revealed that though the hospital building was completed in April 2009, it had not been handed over to Medical Education Department (December 2010). It was noticed that in May 2006 the hospital was designed as a General Hospital. In March 2009, the Medical Education Department decided to run it as a Heart Institute. The PWD also started (April 2009) deliberations on preparation of estimates for converting the existing building into a Heart Institute. Subsequently, in December 2009, the EE requested Principal and Controller, Medical College, Medical Education Department, Jaipur to take possession of the hospital building. However, the Medical Education Department did not take possession of the hospital building as State Government approved (October 2010) to develop the

72. Civil works: ₹ 19.18 crore; electrical works: ₹ 6.90 crore including liability of ₹ 1.07 crore.

hospital as a multi specialities hospital with emphasis on cardiac diseases in public private partnership (PPP) mode. However, as of December 2010 the State Government had not finalised the terms and conditions of running the hospital in PPP mode and also the date of its commencement. The hospital building was lying unused for 20 months (December 2010).

The State Government (PWD) informed (October 2010) that the hospital building was originally completed by March 2008, but it was not taken over by the Medical Education Department. The reply was not correct as some works[73] had been completed between March 2008 and April 2009. The State Government (Medical Education Department) stated (September 2010) that in compliance of the Chief Minister's budget speech (March 2009), it was decided to run this hospital as heart institute and later on (October 2010) as multi specialities hospital. The fact is that Government's decision to convert the General Hospital into multi specialities hospital four and a half years after the A&F sanction is indicative of improper planning. Thus, hospital building completed at a cost of ₹ 26.08 crore was lying unutilised for 20 months depriving the public of the benefit of medical facilities.

Planning Department

3.5.4 Non-implementation of the Bhamashah Financial Empowerment Scheme

Funds of ₹ 161.32 crore for financial empowerment of poor women remained blocked for more than two years in bank accounts of the women identified under the Bhamashah Financial Empowerment Scheme.

The State Government launched (April 2008) Bhamashah Financial Empowerment Scheme (BFES) for financial empowerment of women from below the poverty line (BPL), small and marginal farmers and identified Scheduled Caste and Scheduled Tribe families. Under BFES, ₹ 1,500 was to be deposited into the bank accounts opened in the name of one woman from each of the 50 lakh identified rural families to empower them to take their economic and financial decision themselves by providing them with banking access within 3 to 4 km from their residence through biometrically identifiable smart cards. The smart card was required to carry the banking and health insurance products initially, and was usable for banking service at any Point of Service (PoS) in the same *Panchayat Samiti*. This could be used also for receiving funds under other schemes of State Government and GoI.

An infrastructure back bone was to be created by setting up a State data centre to capture details and biometrics of 50 lakh identified families, issue of multiple benefit smart cards, establishment of 15,000 PoS for providing banking access duly connected with the State data centre, banks and insurance services providers.

73. Construction of new hospital building (main building), remaining civil works, sanitary works, joinery works and outer finishing was completed upto April 2009.

Scrutiny (October 2009 and July 2010) of the records of Deputy Secretary, Personnel and Administrative Department and the Planning (Institutional Finance) Department revealed the following:

- The Planning (Institutional Finance) Department (Department) invited (April 2008) proposals from infrastructure service providers for implementation of BFES. The proposals of Infrastructure Leasing and Financial Services Ltd (IL & FS) for six revenue[74] divisions and Batronics Terasoft Consortium (BTC) for Bharatpur Division were accepted and agreements were executed (June 2008) with these companies for creation of the required electronic data centre by 30 September 2008. The Department transferred (between August and October 2008) ₹ 163.35 crore to banks (₹ 161.06 crore to Punjab National Bank and ₹ 2.29 crore to Bank of Baroda) for crediting ₹ 1,500 each in 10,88,965 accounts opened in the name of the female member of the rural family enrolled during the camps organised between July and September 2008.

- The targets fixed for the service providers, enrolments made, bank accounts opened and smart cards distributed as of September 2008 were as under:

Name of service provider	Target proposed	Number of enrolments made	Number of Bank accounts opened	Amount credited in ₹ (number of bank accounts)	Number of smart cards distributed
IL & FS	44,00,000	40,97,506	28,86,882 (Punjab National Bank)	1,61,05,33,500 (10,73,689)	8,668
BTC	6,00,000	4,81,213	20,160 (Bank of Baroda)	44,23,500 (2,949)	22
Total	**50,00,000**	**45,78,719**	**29,07,042**	**1,61,49,57,000 (10,76,638)**	8,690

Source: Planning Department.

Against 50 lakh targeted beneficiaries, 45.79 lakh were enrolled and only 29.07 lakh bank accounts were opened. Rupees 161.50 crore was credited to 10,76,638 bank accounts. No amount was credited in 18,30,404 bank accounts.

- As only 8,690 (0.19 *per cent* of enrolled) smart cards were delivered, the women holding smart card drew ₹ 200 each from their accounts while 10,67,948[75] beneficiaries could not utilise the amount credited to their accounts, defeating the very objective of the Scheme. It was noticed that setting up of 15,000 PoS and connecting them with the State data centre was not done, which resulted in failure to deliver the intended banking services to the beneficiaries.

- The contract agreement with service providers M/s IL&FS and M/s BTC provide payment at ₹ 10,01,125 and ₹ 1,72,625 per quarter respectively for 40 quarters alongwith a minimum guaranteed transaction charges of ₹ 2.40 crore and ₹ 0.43 crore per year provided the State Data Centre and PoS remain

74. Ajmer, Bikaner, Jaipur, Jodhpur, Kota and Udaipur Divisions (29 districts)
75. 10,76,638 -8,690 = 10,67,948.

operational in each quarter. However, no payment has been made to the service provider as the State Data Centre and PoS have not been made operational as of November 2010.

Meanwhile, the Election Commissioner stayed (October 2008) implementation of the scheme due to observance of the code of the conduct for the period 14 October 2008 to 13 December 2008 on account of holding/declaration of State Assembly Elections.

In January 2009, a Review Committee of five Cabinet Ministers was constituted by the State Government to consider suggestions for implementation as well as any change or amendment to the schemes, taking remedial action on complaints regarding tender procedure, study on other points and giving recommendations within one month.

The Deputy Secretary, Planning (Institutional Finance) stated (June 2010) that the infrastructure back bone of 15,000 PoS, connected with State data centre, could not be created as the recommendations of the Review Committee were still pending. The scheme continued to be in doldrums. A sum of ₹ 161.32 crore remained blocked in the accounts of intended beneficiaries as the process of issue of smart cards was in abeyance, pending the recommendations of the Review Committee. Further, ₹ 1.85 crore transferred (October 2008) by the Department to Bank of Baroda was refunded (September 2009) by the Bank after a period of 11 months without adding the interest of ₹ 5.93 lakh[76].

The State Government stated (September 2010) that the recommendations of the review committee have not been received and action would be taken accordingly as per their recommendations.

Technical Education Department

3.5.5 Tardy implementation of the scheme of producing multi skilled workforce

Lack of Government interest in implementation of the scheme defeated the main objective of the scheme of producing multi skilled workforce despite incurring an expenditure of ₹ 4.68 crore.

To upgrade certain existing Industrial Training Institutes (ITIs) the State Government accorded (October 2005) financial and administrative sanction for upgradation of five ITIs and trades[77] into 'Centres of Excellence' (CoE) under the Centrally Sponsored Scheme 'Upgradation of ITIs into Centres of Excellence'. The funds (₹ 8 crore) for the scheme were to be provided in the ratio of 75:25 by Government of India (GoI) (₹ 6 crore) and State Government

76. At 3.50 *per cent* per annum.
77. Government ITI, Alwar: Automobile; Government ITI, Jaipur: Information and Technology; Government ITI, Jodhpur: Production and Manufacturing; Government ITI, Kota: Electrical and Government ITI, Udaipur: Electronics.

(₹ 2 crore) for the various components[78]. The scheme provided producing multi skilled workforce of world standards by introduction of multi skilling courses (Broad Based Basic Training-BBBT) of one year duration, followed by advanced modular specialised courses (AMSC) subsequently. Industry-wise cluster approach and Public-Private-Partnership in the form of Institute Management Committees (IMCs)[79] was also to be adopted to ensure greater and active involvement of industry in all aspects of training. The efficiency of the CoEs was to be measured as a combination of internal efficiency (i.e. performance and output of CoE with regard to number of students enrolled, detained, successfully graduated and utilization of capital assets) and external efficiency (i.e. outcome that reflects the impact of training on employability of graduates). The scheme to be closed on 31 March 2009 was extended (March 2010) by GoI till 31 March 2010.

Against the sanctioned amount of ₹ 8 crore, an expenditure of ₹ 4.68 crore (GoI: ₹ 3.44 crore and State Government: ₹ 1.24 crore) has been incurred on civil works (₹ 2 crore), machinery and equipments (₹ 2.05 crore) and others (₹ 0.63 crore) during 2006-10.

Test check of the records (May-June 2008) of the Director, Technical Education, Jodhpur (Department) and further information collected (September 2008, February and May 2010) revealed that though admission to BBBT courses in all the CoEs for six modules (for BBBT) were given from 2005-06 and AMSC started from 2006-07, the posts of instructors for these courses were neither created nor regular appointment of qualified instructors made. Against 14 posts of instructor required for BBBT, 11 posts were created (October 2005) on contractual basis (remuneration: ₹ 5,000 per month) However, Director (Training), Directorate of Technical Education, Rajasthan intimated (January 2009) that due to low remuneration and for want of qualified instructors five posts were still lying vacant (May 2010). Thirty posts of instructors required for AMSC were also not created as of 31 January 2009. Only in December 2009, the Technical Education Department sanctioned 44 posts of instructors (BBBT: 14; AMSC: 30) to be engaged on contract basis through an agency at ₹ 10,000 per month, till regular appointments were made. Only ₹ 2.05 crore (54.60 *per cent* of total sanctioned provision of ₹ 3.75 crore) was spent as of April 2010, on purchase of machinery and equipment for modules due to non-release of funds by GoI/State Government.

Non-appointment of regular instructors and non-procurement of required machinery and equipment hampered the development of technical skills of the

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78. (i) civil works (₹ 40 lakh/CoE), (ii) procurement of machinery and equipment for modules (₹ 75 lakh/CoE) and (iii) other expenditure (₹ 45 lakh/CoE) which comprise of (a) honorarium for contract/guest faculty, as well as payment of honorarium to existing staff wherever required, (b) technical assistance for training of trainers and management personnel and (c) miscellaneous expenditure towards curriculum development, development/ procurement of training material, office expenses.
79. Four representatives from Industries; representative of Confederation of Indian Industries, representative of State Director dealing with vocational training; Principal of ITI; one Senior Faculty Member; one student representative; District Employment officer and one representative of Director General Employment and Training (optional).

students as was observed from the overall internal efficiency[80] of CoEs which ranged between 5.20 to 59.37 *per cent*[81] for BBBT course and between 6.25 to 41.66 *per cent* for AMSC at the five CoEs during 2005-10. Further, CoEs, Alwar, Jaipur and Udaipur did not furnish information regarding cooperation from industries in the form of donation of machinery and equipment, deputation of guest faculty/experts and association with State in testing and certification during 2005-09. The CoEs, Jodhpur and Kota, informed that no such cooperation was received. Only 200 students (37 *per cent* of 540 students passed out) found placement during 2005-08 as reported by the Deputy Director (Training), Jodhpur (April 2009). Thus, indicators of internal and external efficiency showed that the excellence of CoEs was compromised.

Thus, lack of Government interest in implementation of the scheme defeated the main objective of the scheme of producing multi skilled workforce and improving employability despite incurring an expenditure of ₹ 4.68 crore.

The Department accepted (March and April 2009) that non-appointment of instructors with required qualification and non-release of funds for machinery and equipment has adversely affected the quality of training as well as the results.

The State Government stated (November 2010) that the process for regular appointment of 44 instructors has been initiated and purchase of remaining machinery and equipment would be completed in ensuing year. The Government reply did not justify delay in release of adequate funds and appointment of instructors.

General

3.5.6 Lack of response to audit observations

Audit is an aid to management for efficiency, effectiveness and good governance. The failure of the Government in taking proper corrective action on audit findings indicated weak governance.

According to Rule 327(1) of General Financial and Accounts Rules, the retention period for various accounting records ranged between one and three

80. Overall internal efficiency is the *per cent* of total number graduates out of sanctioned seats.

Name of ITI	2005-06		2006-07		2007-08		2008-09		2009-10	
	BBBT	AMSC	BBBT	AMSC	BBBT	AMSC	BBBT	AMSC	BBBT	AMSC
ITI, Jodhpur	84.37	-	8.33	26.04	56.25	34.37	38.54	29.16	NA	NA
ITI, Kota	-	-	33.34	22.92	0.88	22.92	30.07	30.95	8.73	NA
ITI, Jaipur	18.75	-	41.66	6.25	59.37	20.83	13.54	7.29	NA	NA
ITI, Alwar	43.75	-	5.20	41.66	20.03	28.12	2.08	27.08	NA	NA
ITI, Udaipur	-	-	33.33	8.33	12.50	18.75	21.87	8.33	NA	NA

Source: As furnished by the Principals of respective CoEs

81. Except ITI, Jodhpur: 84.37 *per cent* in 2005-06, ITI, Kota: 0.88 *per cent* in 2007-08 and ITI, Alwar: 2.08 *per cent* in 2008-09.

years after audit. Owing to the failure of departmental officers to comply with the observations in inspections reports (IRs) within the prescribed retention period, the possibility of their settlement in the future appeared to be bleak due to non-availability of records.

As on 31 March 2010, there were 6,936 IRs containing 23,822 paragraphs issued to 81 Civil and 8 Works Departments during the period 1982-83 to 2009-10 (up to September 2009) which were pending for settlement. Year-wise pendency is as under:

Year	Numbers pending	
	IRs	Paragraphs
Upto 2003-04	1,262	2,562
2004-05	741	2,259
2005-06	708	2,780
2006-07	1,061	3,728
2007-08	1,189	4,467
2008-09	1,327	5,030
2009-10 (upto September 2009)	648	2,996
Total	**6,936**	**23,822**

- For early settlement of outstanding Inspection Reports (IRs) and paragraphs, the State Government issued (August 1969) instructions to all departmental officers for sending the first reply to IRs within a month, and replies to further audit observations within a fortnight. These instructions have been reiterated from time to time. The instructions issued in March 2002 envisaged appointment of nodal officers and Departmental Committee in each of the Administrative Departments to ensure compliance to all the matters relating to audit. Latest instructions have been issued in January 2010.

- An analysis of 616 IRs issued to various units under Women and Child Development Department (186), Family Welfare Department (133) and Forest Department (297) revealed that 1,766 paragraphs were outstanding as on 31 March 2010. Category-wise detail of irregularities commented in IRs is given in ***Appendix 3.7***. It was further noticed that first reply of 106 IRs of Women and Child Development Department and three IRs of Family Welfare Department were pending for five to 64 months[82].

- Audit Committees comprising of the respective Principal Secretary/Secretary of the Department and representatives of the Finance Department and the Office of the Principal Accountant General were formed in 37 Departments out of 89 Departments for taking speedy action on pending audit matters. The Finance Department issued (November 2004) instructions for conducting four meetings per year, but no Department adhered to the instructions of the Finance Department and only 43 Audit Committee meetings were held by 20 Departments during 2009-10.

82. Women and Child Development Department: 5 to 64 months; Family Welfare Department: 7 to 21 months.

Audit is an aid to management for efficiency, effectiveness and good governance. The failure of the Government in taking proper corrective action on audit findings indicated weak governance. The Government should look into the matter and ensure that procedures are put in place to ensure submission of prompt and proper response to the audit observations, action is taken against the defaulting officials and recoveries of losses/outstanding advances/ overpayments are made in a time bound manner.

JAIPUR, **(SUMAN SAXENA)**
The **Principal Accountant General (Civil Audit), Rajasthan**

Countersigned

NEW DELHI, **(VINOD RAI)**
The **Comptroller and Auditor General of India**