

Chapter 2

Performance Audit

Public Health Engineering Department

2.1 Rural and Urban Water Supply Schemes

Water is essential to sustain life and has a direct bearing on the health of human beings. Success of socio-economic development depends on safe and potable drinking water. The main aim of water supply schemes was to provide safe and potable drinking water. Performance audit of the rural and urban water supply schemes brought out the following significant deficiencies:

A five year comprehensive water security plan was not prepared. Only annual plans were prepared on demand basis. Further, 455 habitations were water deficient and no plan was prepared to provide potable water in 73 towns.

(Paragraphs 2.1.6.1, 2.1.6.3 and 2.1.6.4)

Out of 5003 rural water supply schemes, only 3145 schemes were completed (63 per cent) leaving 1858 schemes incomplete as of March 2015. Taking up of schemes without ensuring availability of raw water, obtaining prior clearances from concerned authorities, clear title of land, selection of unsuitable sites for water works, inaction of the departmental officers against contractors, execution of works without ensuring the availability of pipes resulted in non-completion of 25 schemes and unfruitful/wasteful expenditure of ₹ 30.46 crore.

(Paragraphs 2.1.8.1 to 2.1.8.5 and 2.1.8.7)

The component of sustainability of water resources under National Rural Drinking Water Programme was not implemented properly as funds of ₹ 17.47 crore meant for this component were spent on water supply schemes. Further, no arrangement was made for maintenance of assets created for water sustainability.

(Paragraph 2.1.8.8)

Out of 354 urban water supply schemes, only 213 schemes were completed (60 per cent) as of March 2015. Three schemes were lying incomplete for want of permission from railways, non-availability of land for Storage and Sedimentation tanks and non-resolving of land dispute with land owners resulting in blocking of funds/unfruitful expenditure of ₹ 26.82 crore.

(Paragraphs 2.1.8.10 to 2.1.8.13)

Against the target of testing 2,19,000 samples of water, only 1,08,593 (50 per cent) samples were collected and tested in selected districts, of which 13 per

cent were found unfit. Further, as per data of Health Department, out of 15,481 samples checked for bacteriological examination, 5,818 samples (38 per cent) were found unfit for human consumption.

(Paragraph 2.1.8.14)

Internal control system was not adequate as records of asset created were not maintained properly, internal audit system was not in place and various reports were not being utilised as managerial tools for taking remedial action.

(Paragraphs 2.1.9.1 to 2.1.9.3)

2.1.1 Introduction

Water is essential to sustain life and has a direct bearing on the health of human beings. Success of socio-economic development depends on the availability of safe and potable drinking water. The main aim of water supply schemes was to provide safe and potable drinking water. The Government fixed the norms of supply of water in rural area at the rate of 55 litres per capita per day (LPCD) in non-desert prone districts under National Rural Drinking Water Scheme and 70 LPCD for schemes under NABARD, National Capital Region (NCR) and Desert Development Programme (DDP). In urban areas, the norms were 110 LPCD for smaller towns having population less than 20000 and 135 LPCD for towns with population more than 20,000. As on 31 March 2010, there were 149 water deficient villages in the State. From April 2011, the focus of GOI shifted to coverage of habitations in terms of population instead of villages. Out of 7,385 habitations in the State, 1997 habitations were such where coverage and supply of water was less than the norms as of March 2011. All of these habitations including those which were earlier water sufficient but became water deficient at a later stage were proposed to be augmented during 2011-15. However, 455 habitations were still water deficient as of March 2015.

Water supply schemes in villages were being implemented under Centrally sponsored National Rural Drinking Water Programme, DDP and other State funded schemes. Urban Water supply schemes were being implemented through the funds of Thirteenth Finance Commission (TFC), Economic Stimulus Package (ESP) and other State schemes. Besides, loans were availed of from NABARD for rural water supply schemes and National Capital Region Planning Board (NCRPB) for urban water supply schemes in NCR towns. Water supply schemes under ESP at Ambala, Kaithal, Fatehabad had been completed and commissioned in time and were working smoothly (March 2015).

2.1.2. Organizational set-up

Haryana State Water Supply and Sewerage Board (the Board), under the Chairmanship of the Chief Minister, accords approval for sewerage and water

supply schemes and provides funds for their implementation. The Principal Secretary to Government of Haryana (PS), Public Health Engineering Department (PHED) is the administrative head at Government level and is responsible for implementation of policies, programmes and schemes. The Engineer-in-Chief (EIC) is the controlling officer and assisted by four Chief Engineers and one Director, Water and Sanitation Support Organisation (WSSO)-cum-Chief Engineer at headquarters with 15 Circle Offices headed by Superintending Engineers (SEs) and 56 Divisional Offices headed by Executive Engineers (EEs). The EEs at divisional level are responsible for the execution of works.

2.1.3. Audit objectives

The main objectives of performance audit were to assess whether:

- the process of planning was adequate;
- the financial management was sound;
- the implementation of schemes was effective and economical; and
- the internal control system was working effectively.

2.1.4. Audit scope and methodology

Performance audit was conducted during January–May 2015 covering the period 2010-15 in the Office of the Board, EIC and 21¹ out of 56 divisions under eight out of 15 circles of seven² out of 21 districts in the State. Three more divisions i.e. Kaithal-1, Kaithal-2 and Fatehabad were selected on the suggestion of EIC during the entry conference. The selection of units was made by adopting the Probability to size Without Replacement method. Besides, findings in Panchkula and Rewari districts covered under pilot study have also been included. In selected divisions, 1,554 works were executed and expenditure of ₹ 1,574.49 crore was incurred during 2010-15, of which 293 works involving an expenditure of ₹ 1,300.62 crore were selected for detailed scrutiny.

A performance audit on the topic conducted earlier was incorporated in the Report of Comptroller and Auditor General of India for the year ended 31 March 2007 (Civil) Government of Haryana and was discussed by Public Accounts Committee (PAC) during 2012-13. The recommendations of the PAC were kept in view while conducting the audit.

¹ Public Health Engineering Divisions: 1. Ambala City, 2. Ambala Cantt., 3. Bhiwani I, 4 Bhiwani II, 5. Bhiwani III, 6. Charkhi Dadri, 7. Tosham, 8. Siwani, 9. Hissar I, 10. Hissar II, 11. Hissar III, 12. Hansi, 13. Jhajjar I, 14. Jhajjar II, 15. Jhajjar III, 16 Kurukshetra, 17. Mohindergarh, 18 Narnaul I, 19. Sirsa I, 20. Sirsa II and 21. Sirsa III.

² 1. Ambala, 2. Bhiwani, 3. Kurukshetra, 4. Jhajjar, 5. Hisar, 6. Mohindergarh and 7. Sirsa

An Entry Conference was held in January 2015 with the PS, PHED wherein the audit objectives, audit criteria and scope of audit were discussed. The Audit findings were discussed in the Exit conference held in September 2015 with the Principal Secretary, Public Health Engineering Department. The replies of the Department and deliberations of the Exit conference have been suitably incorporated in the report.

2.1.5. Audit criteria

Audit criteria were derived from the following sources:

- Guidelines for implementation of various programmes/schemes.
- Detailed Project Reports and Feasibility Study Reports of projects.
- Haryana Public Works Department Code.
- Manual on Water Supply and Treatment of GOI.

Audit findings

2.1.6 Planning

2.1.6.1 Non-preparation of comprehensive long-term master plan

Paragraph 14 of the guidelines of National Rural Drinking Water Programme (NRDWP) provides that to achieve the broad goal of providing safe drinking water, a five year comprehensive water security plan should be prepared. Each financial year, the sub-goals and priorities should be fixed based on the mutual consultation by the Centre and State Governments. Audit observed that the department has not prepared a comprehensive five year plan. Annual plans were prepared on the basis of demands from different quarters i.e. villagers, Gram Panchayats (GPs), etc. Non-preparation of comprehensive long term plan reflects inadequacy of planning of the Department, as a result of which, water could not be supplied in adequate quantity in many areas as discussed in paragraph 2.1.6.3.

The PS directed the EIC during the exit conference to constitute a Committee of Chief Engineers to prepare long term plan on the lines of a vision document for this purpose.

2.1.6.2 Non- preparation of manual

Ministry of Urban Development, GOI had prepared a manual on water supply and treatment in 1999 but the Department had neither followed the manual of GOI for execution of various water supply schemes nor prepared its own manual. Had the department prepared a well documented manual for guidance on various activities of water supply schemes right from conception of the scheme to supply of potable

water to public, the implementation of the schemes could have been carried out in a more structured manner and the various inadequacies/inefficiencies associated with non-completion of schemes, non-availability of raw water, supply of contaminated water as discussed in succeeding paragraphs could have been avoided.

The EIC stated (October 2015) that the Department was following the manual issued by the Ministry of Urban Department. On being pointed out by Audit about non-adoption of the manual during the exit conference, the PS directed the EIC to submit a case for formal adoption of the manual.

2.1.6.3 Progress of coverage of habitations

The focus of the GOI was on coverage of habitations³ for supply of potable water from April 2011. In 1,997 habitations out of 7,385 in the State, the coverage and supply of water was less than the norms. These 1,997 habitations including those habitations which were earlier water sufficient but later became water deficient, due to scarcity of water at source, were proposed to be augmented during 2011-15. The position of targets and achievements for coverage of water deficient habitations for the period 2010-15 is given in Table.

Year	Targets fixed	Coverage (includes dropped schemes)	Balance	Addition due to slip back and habitations not covered earlier	Total water deficient habitations
2010-11	1,007	752	255	688	943
2011-12	943	859	84	871	955
2012-13	955	895	60	801	861
2013-14	861	702	159	375	534
2014-15	534	578	(-) 44	499	455

Source: Data provided by EIC

Note: Targets were fixed by the Department after taking into account the habitations which slipped back into water deficient category.

It is evident from the above table that the targets of covering water deficient habitations were not achieved during 2011-14. Further, 455 habitations were still water deficient.

Further, audit scrutiny showed that in 15 test checked divisions, out of 1,827 villages, 1,084 villages (59 per cent) as detailed in *Appendix 2.1* were water deficient as supply of water was below 55/70 LPCD. As such, planning for augmentation of water supply schemes needs to be improved by proper survey and ascertaining the ground reality about the status of water supply in villages.

The EIC stated (October 2015) that water deficient villages were considered where percentage of coverage was less than 50 or having water allowance status less than 40 LPCD. The reply was not convincing as water deficient villages were those villages where water supply was below the prescribed norms with reference to schemes in different areas i.e 50/70 LPCD. The PS, however, directed the departmental officers during the exit conference to accelerate the timely completion of water supply schemes.

³ Habitations means villages, dhanies, etc. where population exists.

Apart from above, planning for execution of works was not adequate as works were taken up for execution without ensuring availability of raw water, not having the permission from Forest Department, not ascertaining suitable site for water works and execution of works without purchase of DI pipes as discussed in succeeding paragraphs 2.1.8.2, 2.1.8.3, 2.1.8.4 and 2.1.8.7.

2.1.6.4 Status of coverage of towns

Out of 154 towns (as per 2011 census) of the State, only 78 towns were covered with piped water supply as of March 2015. Water supply schemes of Panchkula were being maintained by HUDA and that of Faridabad and Gurgaon by respective Municipal Corporations. Remaining 73 towns were not covered with piped water supply connections and no long term plan has been prepared to cover these towns for water supply. Hence the possibility of achievement of providing safe drinking water to the population in these towns is still remote.

The EIC stated (April 2015) that according to census 2011, GOI has declared a habitation as a town which fulfills the criteria such as population more than 50,000, population density more than 400 persons per square Km. and involvement of 75 per cent of male population in non-agriculture activities but the department had been providing water supply facilities in those towns which were notified by the Urban Local Bodies Department. The fact remains that the department has not made any long-term plan to cover 73 towns as per the criteria laid down by the GOI. The PS also directed the EIC during the exit conference to take remedial measures.

2.1.7. Financial outlay and expenditure

Year-wise position of expenditure incurred on Rural and Urban Water supply schemes for the period 2010-15 was as under:

Rural and Urban Water Supply Schemes

(₹ in crore)

Year	Budget provision		Expenditure		Savings (percentage)	
	Rural	Urban	Rural	Urban	Rural	Urban
2010-11	227.00	425.50	163.78	401.74	63.22 (28)	23.76 (6)
2011-12	288.68	281.90	198.97	249.55	89.71 (31)	32.35 (11)
2012-13	293.00	253.86	216.99	214.07	76.01 (26)	39.79 (16)
2013-14	356.00	375.91	292.07	271.31	63.93 (18)	104.60 (28)
2014-15	387.89	591.84	339.00	467.87	48.89 (13)	123.97 (21)
Total	1,552.57	1,929.01	1,210.81	1,604.54	341.76 (22)	324.47 (17)

Source: Figures supplied by the PHED

Thus, there were savings ranging between 13 and 31 per cent under rural water supply schemes and between 6 and 28 per cent under urban water supply schemes. The savings were mainly due to tardy implementation of rural and urban water supply schemes as discussed in paragraphs 2.1.8.1 and 2.1.8.10. The EIC further stated during the exit conference that savings were mainly due to time taken in land acquisition process. The reply is not fully convincing as savings

were also due to non-completion of schemes owing to taking up schemes without availability of raw water, without obtaining prior clearances from concerned authorities, clear title of land, delay in execution of works, non-availability of DI pipes, etc.

2.1.7.1 Expenditure in excess of sanctioned estimates

As per paragraph 10.16 of Public Works Department (PWD) Code, a revised estimate must be submitted when the sanctioned estimate is likely to be exceeded, either due to the rates being found insufficient or for any other reasons whatsoever.

It was noticed in 10 out of test checked divisions that against the approved estimates of ₹ 80.72 crore, an expenditure of ₹ 100.64 crore was incurred on 162 works during 2010-15 which was ₹ 19.92 crore in excess over the sanctioned estimates without sanction of the competent authority as detailed in **Appendix 2.2**. The range of excess expenditure yet to be sanctioned by the competent authority was between ₹ 30.23 lakh and ₹ 954.58 lakh in 10 selected divisions. In five divisions, excess expenditure was more than ₹ one crore. The revised estimates of these works had also not been prepared as of April 2015. The EIC stated (October 2015) that revised estimates would be prepared and got approved from the competent authority. The PS directed the departmental officers during the exit conference to investigate the matter.

2.1.7.2 Non-obtaining of Performance Security

As per clause 13.12 of the Haryana PWD Code, tender document may provide that the successful tenderer will furnish performance security (5 per cent of the contract price or such percentage as may be prescribed) which may be in the form of bank guarantee, to be kept as a surety that the contractor completes the work satisfactorily. Initially, the performance guarantee would be valid up to end of the defects liability period (plus 30 days or as prescribed in the contract data). In case the time of completion is extended, the validity of the guarantee shall be correspondingly extended.

Scrutiny of the records showed that the provision for performance security (at the rate of 5 per cent of the agreement amount) was not included in the tender documents in respect of 5,895 contracts for ₹ 690.40 crore involving performance security of ₹ 34.52 crore in 13 out of 26 test-checked divisions. Non-adherence/non-enforcement of provisions of the PWD code is against the financial interest of the Government in the event of the contractors not completing the work in a satisfactory manner.

It was noticed that in case of eight works worth ₹ 8.01 crore, the contractors left the works incomplete. However, due to lack of provision for performance security in the DNITs, the amount of ₹ 0.40 crore could not be collected or retained for security. Had the provision been included in the tender documents, the department would have been able to recover this amount.

The PS assured during the exit conference that responsibility of delinquent officers would be fixed and remedial measures would be taken.

2.1.7.3 Irregular splitting of works

As per instructions issued from time to time by the EIC, bifurcation/splitting of the estimate in order to keep the allotment of works within official's authority should be avoided except in emergent conditions.

In 18 out of test checked divisions, it was noticed that 190 estimates/works were bifurcated by the respective EEs into 1,028 agreements estimating to ₹ 30.74 crore in order to keep the allotment within their authority. Two of these cases where the works were repeatedly split up for 33 and 20 times are discussed below:

Under augmentation of water supply scheme Sirsa, works of laying of pipe lines were split up into 33 agreements and expenditure of ₹ 1.08 crore incurred between June 2011 and March 2015. Similarly, under augmentation of water supply scheme Ellenabad, works of laying of pipe lines were split up into 20 agreements with total expenditure of ₹ 0.70 crore incurred between January 2012 and March 2015. There was no recorded reason to justify this blatant flouting of instructions where it was apparent that the amount of each agreement was kept below ₹ five lakh i.e. so that it was within the powers of the EE.

Violation of EIC's instructions tantamounts to financial indiscipline, besides depriving the Department of benefits of competitive bidding inherent in the tendering process, due to non-participation of agencies executing the works of high value. The PS directed the EIC during the exit conference to initiate disciplinary action against the delinquent officers. EIC further intimated (October 2015) that more than 40 delinquent officers had been charge-sheeted.

2.1.7.4 Advances to Land Acquisition Collectors

As per Article 54 read with Article 57 of Account Code Volume III, the payments advanced to Land Acquisition Collectors (LACs) should be placed under 'Miscellaneous Public Works Advances (MPWA)'.

In 12 out of 26 test checked divisions, advances of ₹ 175.96 crore were given to LACs for acquisition of land for water supply schemes but the amounts were not being accounted under MPWA making it difficult to monitor the recovery of balance of funds. Further, other records such as registers and returns to monitor adjustment of such advance payments were also not prescribed. As a result of this, the unspent funds amounting to ₹ 0.76 crore remained with two LACs as per details given in the table below:

Name of the division	Name of work	Name of LAC	Amount deposited	Amount disbursed/ month of disbursement	Unspent amount since when
PHE, Fatehabad	2nd water works Fatehabad	DRO-cum-LAC, Fatehabad	19.17	18.69/ October 2011	0.48 October 2011
PHE, Siwani	2nd water works Siwani	DRO-cum-LAC, Bhiwani	1.91	1.63/ October 2012	0.28 October 2012

Source: Data compiled from departmental records.

Thus, due to non-adherence of accounting provision and inadequate monitoring mechanism, funds of ₹ 0.76 crore remained blocked with LACs. The PS directed the EIC during the exit conference to ensure placing of such advance payments in MPWA till payment of award was made by LAC and balance amount was received back.

2.1.7.5 Avoidable expenditure due to non-maintenance of power factor

Dakshin Haryana Bijli Vitran Nigam (DHBVN) and Uttar Haryana Bijli Vitran Nigam (UHBVN) (previously Haryana State Electricity Board) issued instructions (June 1996 and January 1997) that every High Tension (HT) consumer should maintain the Monthly Average Power Factor (MAPF) at 90 per cent. If the consumer fails to maintain the prescribed power factor, DHBVN/ UHBVN levies penalty equal to one per cent of energy charges for each per cent decrease in power factor between 90 per cent and 80 per cent, and thereafter at two per cent for each per cent decrease in power factor. To maintain the prescribed power factor, adequate capacitors are required to be installed.

In six⁴ test checked divisions, it was noticed that Department had not maintained the prescribed power factor by installing the adequate capacitors during 2010-15. As a result, the department had to pay penalty of ₹ 11.60⁵ crore during 2010-15. This extra expenditure could have been avoided by maintaining the prescribed power factor through timely installation of adequate capacitors. The PS directed the departmental officers during the exit conference to fix responsibility and to ensure that remedial action is taken.

2.1.8. Implementation of schemes

Rural water supply

2.1.8.1 Tardy progress in completion of rural water supply schemes

The position of rural water supply schemes taken up for execution and completed under different programmes during the years from 2011-15 in the State is given in the following table:

Year	Opening balance (no. of schemes)	No. of new schemes taken up for execution during the year	Total No. of schemes under execution	No. of schemes completed	Balance
2010-11	1,462	1,108	2,570	445	2,125
2011-12	2,125	703	2,828	548	2,280
2012-13	2,280	1,012	3,292	558	2,734
2013-14	2,734	413	3,147	643	2,504
2014-15	2,504	305	2,809	951	1,858
Total		3,541		3,145	

Source: Data furnished by the PHE Department

⁴ PHED, (1) Rewari-I, (2) Charkhi Dadri, (3) Mohindergarh, (4) Bhiwani-I, (5) Sirsa-I and (6) Narnaul-III

⁵ PHED, (1) Rewari-I: ₹ 2.27 crore, (2) Charkhi Dadri: ₹ 0.19 crore, (3) Mohindergarh: ₹ 4.39 crore, (4) Bhiwani-I: ₹ 0.73 crore, (5) Sirsa-I: ₹ 1.75 crore and (6) Narnaul-III: ₹ 2.27 crore

Out of 5,003 schemes (including 1,462 ongoing schemes at the beginning of 2010-11) during 2010-15, only 3,145 schemes were completed (63 per cent) leaving 1,858 schemes incomplete as of March 2015.

Out of 293 works test-checked, 26 works in 14 divisions remained incomplete. The schemes remained incomplete mainly due to not ensuring availability of raw water, not having the permission from Forest Department, not ascertaining suitable site for water works, issues related to purchase of pipes and inaction of departmental officers in taking action against contractors as per terms and conditions of agreement as discussed in succeeding paragraphs (2.1.8.2 to 2.1.8.7). The PS directed the departmental officers during the exit conference to accelerate the timely completion of water supply schemes.

2.1.8.2 Taking up of schemes without ensuring availability of raw water

Paragraph 10.12.2 (b) of Haryana PWD Code provides that while preparing estimates of water supply works, the department should ascertain the sources of water, their potential and quality, seasonal variations, alternative sources of water which can be tapped or developed with relative merits and economics of each. In the case of canal based scheme, assured quantity of water likely to be available and full supply level of canal with respect to level of water works site, etc. should be ensured.

An observation highlighting taking up schemes without ensuring availability of raw water was incorporated in Audit Report of the Comptroller and Auditor General of India for the year ended March 2007 (Civil)-Government of Haryana under paragraph 3.2.7.7 and Public Accounts Committee recommended in its 68th report (2012-13) that a policy to avoid such recurrence in future be made and the Committee be informed of the same accordingly. However, further developments were awaited (January 2016). Despite this, Audit observed that the Department continued to execute works of water supply schemes without ensuring the availability of raw water/ taking clearance from the Irrigation Department for obtaining raw water as detailed below:

Name of scheme	Approval date and estimated cost	Date of allotment/ scheduled date of completion	Expenditure (₹ in crore)	Remarks
Work of providing canal based water supply scheme for Kadma under PHE Division Charkhi Dadri	June 2008/ ₹ 1.27 crore	10 August 2009/ 9 May 2010	1.39	The work was completed in November 2011. The scheme could not be made functional as water was not available at Madhogarh Feeder for the water works.
Augmentation of water supply scheme Nasirpur Bangar and Bhoypur under PHE Division-2 Sonapat	December 2012/ ₹ 1.20 crore	8 April 2013/ 7 April 2013	1.16	The work of construction of inlet channel of raw water from nearby canal/minor had not been completed. Further, the department had not obtained prior permission for outlet of inlet channel.
Independent RWS scheme, Kamalpur under PHE Division No. 2 Kaithal	July 2007/ ₹ 0.80 crore	April 2008/ March 2009	1.27	The work was allotted (April 2008) to an agency for ₹ 76.45 lakh with a completion period of 12 months. Raw water was to be taken from the tail end of Kamalpur minor. The SE inspected (April 2010) the site and noticed that raw water was not available in the Kamalpur minor and ordered to stop further execution of work and to prepare a DNIT immediately for the construction of Sump well, pumping machinery and rising main to carry raw water from the Badsikri minor. Accordingly, an estimate for this work was administratively approved (May 2010) at a cost of ₹ 52.95

Name of scheme	Approval date and estimated cost	Date of allotment/ scheduled date of completion	Expenditure (₹ in crore)	Remarks
				lakh. But, no expenditure was incurred against this approval due to resistance of land owners. However, the work of the first agency was finalized (March 2011) at a cost of ₹ 79.93 lakh. Audit observed that raw water was not available at the tail end of the Kamalpur minor and the scheme was floated without proper survey about the availability of raw water.
Canal based independent water supply for Ujjaina group of 3 No. villages scheme under PHE Division No. 2 Kaithal	July 2007/ ₹ 1.05 crore	09 April 2008/ 08 April 2009	1.06	The scheme was completed (August, 2010) at a cost of ₹ 1.06 crore but water was being arranged through shallow tube-wells as sufficient raw water was not available at source i.e. Kultaran minor. The SE and Chief Engineer at the time of site visit in August 2012 also pointed out the non-availability of sufficient raw water. Thus, the canal based scheme was formulated without assessing the availability of sufficient raw water.
	Total		4.88	

Source: Data compiled from departmental records

It is evident that the above mentioned schemes were taken up without ensuring availability of raw water at source, as a result of which the schemes remained incomplete/ abandoned leading to unfruitful expenditure of ₹ 4.88 crore.

The EIC stated (October 2015) that the department is continuously issuing instructions to the field officers for framing canal based water supply schemes only after ensuring raw water in the canal network and the department was taking up schemes after getting approval of raw water from Irrigation Department. But due to shortage of water at the tail end of canals, out-let connection points were required to be shifted. Thus, the system of ensuring raw water from canals for water supply schemes was not robust.

2.1.8.3 Taking up of schemes without obtaining prior clearances from concerned authorities and clear title of land

Para 15.1.4 of PWD code provides that the land/site on which construction is to take place should be in the possession of the Department concerned or must have received permission of the Department in charge of land. Further, paragraph 15.2.1 provides that execution of works may require certain clearances, relocation of the utilities and securing of permits. Audit observed that these codal provisions were not adhered to and works were taken up for execution without taking permission/clearances from concerned authorities as illustrated in five cases in ***Appendix 2.3***.

The analysis of the Appendix showed that the schemes were executed without obtaining necessary clearances from the concerned authorities i.e. the Forest Department and Irrigation Department, resulting in unfruitful expenditure of ₹ 7.50 crore. Besides, the objective of the schemes of providing potable water remained unachieved. The PS expressed during the exit conference that a lot of time is required in taking clearances from concerned authorities, but such long waiting by the department would make it more difficult for the schemes to materialize. He, however, directed the departmental officers to initiate timely

action for obtaining necessary permissions and clearances from the concerned authorities.

2.1.8.4 Non-selection of suitable sites for water works structures

Paragraph 10.12.2 (f) of Haryana PWD Code provides that while preparing estimates of water supply works, the Department should conduct a survey of the project area in terms of topography, present and future land use and socio-economic structures, alignment of location of carrier channels, location of the treatment plants, etc. Scrutiny of records of test-checked divisions showed that topography of the project area was not surveyed/ tested properly while preparing estimates and before taking up the execution of works as the land where water treatment plants were to be established were found unsuitable for the purpose as depicted in the following table in respect of three cases:

Name of work	Approval date and sanctioned amount	Date of allotment/ Scheduled date of completion	Expenditure as of March 2015 (₹ in crore)	Remarks
Augmentation Water Supply Scheme Neemri, for improvement of water supply falling under PHE Division No. 1, Bhiwani	September 2012 at a cost of ₹ 1.89 crore	(1) September 2013/ 6 Months (2) May 2013/ 12 Months	1.25	Work of construction of inlet channel at head works, SS tank, RCC Suction well, etc., was stopped due to increase of sub-soil water. Work of dewatering was allotted to another agency but the problem was not resolved. This agency left the work and was paid ₹ 12.85 lakh (December 2012). Second work of supply, installation, testing and commissioning of continuous sand filter plant with activated carbon filter plant to remove all odour, smell from the filter water including O&M was completed (May 2014) at a cost ₹ 68.75 lakh. But, the water supply scheme could not be made functional due to non-execution of first work.
Canal based Water Supply Scheme Bhagpur under PHE Division No. I, Jhajjar.	September 2012 at a cost of ₹ 7.45 crore	20 May 2013/ 9 Months	1.07	The agency started the work and was paid ₹ 15.36 lakh in August 2013 for the work executed at site. Thereafter, the agency left the work due to rise in the sub-soil water level. Audit observed that though the survey was conducted in August 2012 to ascertain the sub-soil water level, wherein it was mentioned that the spring level was about three feet below the ground level, yet the work was allotted. The work was lying abandoned and no action was taken to resolve the issue of sub-soil water level resulting the entire expenditure of ₹ 1.07 crore (including the cost of DI Pipes) incurred on this work unfruitful. The EE stated (January 2015) that agency had stopped the work due to rising in sub-soil water level.
Canal based Water supply Mankawas under PHE Division Charkhi Dadri	13 July 2007 at a cost of ₹ 1.47 crore revised to ₹ 92.58 lakh	April 2007/ 09 months at a cost of ₹ 69.25 lakh	0.40	The agency started (5 May 2007) the work but did not complete the work within the stipulated period. The EE imposed (December 2010) a penalty of ₹ 7.71 lakh under Clause-II of the contract agreement but the work was not resumed. Thereafter, the department withdrew the work and re-allotted (20 July 2012) to another agency at the risk and cost of the first agency with a completion period of 12 months. But, this agency did not start the work and reported that the work could not be executed as the site of the water works was situated at a low lying area and a village pond was existing near the site. Thereafter, the proposal of canal based scheme was dropped (May 2013) due to unviable site conditions. Thus, inappropriate selection of site resulted in wasteful expenditure of ₹ 39.88 lakh..
		Total	2.72	

Source: Data compiled from departmental records

Thus, the execution of work without proper survey about the suitability of land was against codal provisions rendering the expenditure of ₹ 2.72 crore incurred on these three schemes unfruitful.

The PS directed the departmental officers during the exit conference to ensure selection of suitable sites for various water supply schemes in future.

2.1.8.5 Delay in execution of works

With a view to execute the work within the time schedule, conditions under the contract agreement stipulate that in case the progress of the work is slow, the EE may levy on the contractor compensation equal to one *per cent* for everyday that due quantity of work remains incomplete but total compensation shall not exceed ten *per cent* of the estimated cost (Clause-II). In case the work is not completed, the EE is empowered to rescind the contract and give it to another contractor to complete, in which case any expenses which may be incurred in excess of the sum which would have been paid to the original contractor if the whole work has been executed by him shall be borne by the original contractor (Clause-III).

Scrutiny of the records showed that works in respect of eight⁶ schemes worth ₹ 10.99 crore (*Appendix 2.4*) remained incomplete/ abandoned for periods ranging from one year four months to seven year one month due to inaction on the part of Departmental officers in taking timely action under Clauses II and III of the contract agreements. Further, the works were not got completed from other agencies even after taking action under Clause-III of the contract agreement. Thus, the expenditure of ₹ 10.99 crore against the eight schemes was rendered unfruitful. Besides, the population remained deprived of potable water. The PS directed the departmental officers during the exit conference to fix accountability and to ensure remedial measures for completion of works.

2.1.8.6 Incomplete schemes of Chahar Kalan, Chahar Khurd and Sirsi villages

In order to provide 70 LPCD water, three schemes for construction of independent water works at Chahar Kalan, Chahar Khurd and Sirsi were administratively approved on 23 July 2012, 2 March 2013 and 18 April 2013 respectively. The works were taken up between December 2012 and September 2013 to be completed within 12 months. An expenditure of ₹ 4.39 crore was incurred (March 2015) on the implementation of these schemes. The raw water for these schemes was to be obtained from the Behal distributary at RD 44800-L. The work of construction of independent water works at Chahar Kalan, Khurd and Sirsi were executed by PHE Division Siwani and other works like construction and commissioning of pumping machinery, laying and jointing of DI pipes, rising mains, independent water works and other machinery and contingent work was to be executed by PHE Division-1, Bhiwani. The work was allotted (October 2014) by PHE Division-1, Bhiwani to a contractor at an estimated cost of ₹ 0.64 crore but the work was not executed by the contractor (April 2015). No

⁶ (i) Canal based independent water supply scheme of village Dundheri, (ii) Providing Independent water works for village Jharli, (iii) Canal based water supply scheme Pota, (iv) Canal based water supply scheme Gulawala, (v) Water supply Mehrampur group of three villages, (vi) Canal based water supply scheme Naya Gaon and Hazariwas, (vii) Augmentation of water supply scheme Akoda and (viii) Water supply scheme Pathera Group of villages

action was, however, taken by the division against the contractor under clauses II and III of the contract agreement. As a result, the water supply schemes were lying incomplete (October 2015) and the population of these villages remained deprived of enhanced quantity of potable water.

In reply, the EE, PHE Division, Siwani stated (April 2015) that PHE Division -1, Bhiwani had not executed the allotted work and that the work had now been transferred to their division for further execution. Thereafter, the work was started by the contractor which was in progress (December 2015). The fact remains that the water supply schemes remained incomplete due to lack of action by the PHE Division, Bhiwani in getting the work executed.

During the exit conference, the PS directed the CE (Rural) to look into the matter and to take immediate remedial action for completion of works.

2.1.8.7 Incomplete schemes due to non-availability of DI Pipes

Paragraph 25.3.3 (a) of Haryana PWD Code *inter alia* provides that while planning, procurement and placing supply orders, necessity of purchase/requirements of a particular work or works should be worked out and a comprehensive indent be prepared. During audit, it was noticed that five water supply schemes were formulated and allotted (August 2013 to December 2013) for ₹ 4.66 crore by the PHE Division-1, Sirsa. Audit observed that all the components of these works were executed by the concerned agencies except laying of distribution pipe line and pipe line at Head Works due to non-availability of DI Pipe in the store as detailed below:

Name of work	Approval date and sanctioned amount	Date of allotment/ Scheduled date of completion	Extent of delay due to non-availability of DI Pipes upto October 2015 (in months)	Expenditure as of March 2015 (₹ in crore)
Construction of 2nd water works of village Odhan (Sirsa)	20 April 2012 under Desert Development Programme at a cost of ₹ 1.89 crore	2 August 2013/ 1 August 2014	14	1.52
Renovation and augmentation of water supply scheme of village Kharian (Sirsa)	27 September 2012 under DDP at a cost of ₹ 1.62 crore.	3 September 2013/ 2 September 2014	13	0.69
Independent Canal based water works Sawant Khera (Sirsa)	28 June 2013 under rural augmentation programme at a cost of ₹ 1.27 crore	11 December 2013/ 10 December 2014	10	1.08
Updating canal based water supply scheme and repair of water works Kaluana	18 April 2013 under DDP at a cost of ₹ 89.70 lakh, subsequently revised ₹ 1.32 crore	8 November 2013/ 7 August 2014	14	0.72
Canal based Augmentation water supply scheme Mangiana	28 June 2013 under rural augmentation programme at a cost of ₹ 1.33 crore.	(i) 27 September 2013/ 26 January 2014, (ii) 8 August 2014/ 7 February 2015	21 20	0.36
		Total		4.37

Source: Data compiled from departmental records

Thus, an expenditure of ₹ 4.37 crore was incurred on these incomplete schemes between 2013 and 2015. Audit observed that as per codal provision, the divisions should have sent a consolidated indent for purchase of pipes taking into account the works in progress/likely to be taken up, but the demand for DI pipes was not sent to

EIC for these works. Thus, works were delayed for 10 to 21 months and the objective of these schemes to provide sufficient potable water at tail end was not achieved.

The EIC stated during the exit conference that the matter for procurement of DI Pipes was under active consideration.

2.1.8.8 Sustainability of water resources

Groundwater used for freshwater drinking supplies can be easily overexploited by other competing users like irrigation, industry, etc. When this happens it can become contaminated with salt water, fluoride or other geogenic contaminants which makes it unsuitable for use. With a view to sustain ground water, a maximum 10 per cent of the NRDWP funds were to be earmarked on a 100 per cent Central share basis to encourage States to achieve drinking water security through sustainability of sources and systems. States were required to prepare district-wise drinking water security plan. A suggestive list of such infrastructure included ground, surface and roof water harvesting systems/structures included flood recharging method, gully plugs, recharge pit, contour trench/bund, check dam/nala bund, percolation pond/tank, injection well/spring, etc. Further, any recharging structure meant for overall management of water resources and which did not directly recharge the drinking water sources, were not eligible under this component. It was observed that the department had not made any plan for this component and was utilising the funds provided under this component for normal drinking water schemes. Further, the assets created for water sustainability were not being maintained to drive the benefits. The details are discussed below:

(a) Twenty one estimates for construction of water works, procurement of pipes, rising main for inlet channel, providing raw water arrangements, construction of pumping stations and additional SS tanks for 16 rural water supply schemes were sanctioned for ₹ 35.85 crore under 'Sustainability component'. These works had no direct bearing on the recharge of water sources as these structures were a part of water supply scheme. An expenditure of ₹ 17.47 crore was incurred as of March 2015 as per details given in the **Appendix 2.5**. An analysis of appendix showed that expenditure of ₹ 17.47 crore, incurred on 21 schemes, was not a legitimate charge of this component and tantamounts to diversion of funds.

Similarly, Forest Department {Divisional Forest Officer (Territorial), Morni at Pinjore} incurred an expenditure of ₹ 2.90 crore during 2011-13 on the restoration of its already constructed old dams for which the liability was of the Forest Department. The department should have made proper plan for utilisation of funds for sustainability of ground water instead of restoration of old structures.

The respective EEs stated (January-May 2015) that though the works were executed under NRDWP 'Sustainability component', yet these works were part of the water supply schemes. The fact remains that the component of the scheme was not implemented and the objective of the component of sustainability of water resources remained unachieved. The PS directed the departmental officers during the exit conference to adhere to the guidelines regarding sustainability of water resources in the long-term interest of the State.

(b) Under ‘sustainability component’ of NRWDP, a project- “Improvement of ground water through rain water harvesting and artificial recharge measures in Shivalik foot-hills” was sanctioned for ₹ 61.81 crore during 2010-11. Funds of ₹ 59.61 crore were released (2011-13) to Forest Department by the PHED for execution of this project. An amount of ₹ 59.60 crore was spent on construction of water harvesting dams, restoration of old dams, percolation tanks, check dams, crate wire structures, cement structures, etc. The works were completed in March 2014. Audit scrutiny showed that there was no provision under the scheme for their maintenance. As a result, the structures of water sustainability created under the project were neither maintained by the Department nor by the Forest Department. It was further observed that the structures were lying in damaged condition as shown in the following photographs:



The EIC stated (October 2015) that as the works were executed by the Forest Department, the maintenance should be done by the Forest Department.

2.1.8.9 Purification systems installed under Jalmani Scheme

GOI launched a 100 *per cent* Centrally sponsored Jalmani Scheme in September 2008 to remove possible contamination of drinking water in rural schools by introducing a Stand-alone water Purification Systems (SPS). All implementing agencies were required to co-ordinate closely to ensure that the basic objective of providing safe drinking water at the consumption point to the most vulnerable section of the rural society, viz the school children is achieved. The capital cost of each SPS should not exceed ₹ 40,000. Operation and maintenance for 5 years (one initial year plus four years with maintenance charges) was also to be built in the capital cost. These plants after installation and commissioning were to be handed over to Education Department being owner of the premises of schools for watch and ward. The programme was to be implemented in Project Mode and up to 50 *per cent* of the allocated funds were to be released as 1st installment’. Further, second installment was to be released by GOI after receipt of utilisation certificate of the first installment.

Test check of records of the office of the EIC showed that 1st installment of ₹ 1.75 crore was released in 2008-09 by the GOI to cover 873 schools. But, the 2nd installment of ₹ 1.75 crore was not released as UC for the amount released in

2008-09 had not been furnished by the Department though the Department had spent an amount of ₹ 2.63⁷ crore upto 2014-15 on installation of 788 SPSs. Thus, the State Government was deprived of 2nd installment of ₹ 1.75 crore due to non-furnishing of UCs.

All these ROs were handed over to the Headmasters/Principals of the concerned schools. O&M of these SPSs was the responsibility of the manufacturers/suppliers for five years. As reported by EIC in June 2015, out of 788 SPSs, 614 were functional, 125 were non-functional for want of repairs and status of 49 was not known to the Department. It was further observed that neither the EEs nor the Headmasters/Principals were aware about the clause that the maintenance was to be done by the manufacturers/suppliers free of cost for five years. Thus, there was lack of co-ordination between the department and school authorities. As a result of this, the very purpose of providing the safe potable water in the schools was not fully achieved. The PS directed the departmental officers during the exit conference that the matter may be investigated and the purification systems be made functional.

Urban water supply

Urban Water supply schemes were being implemented through the funds of Thirteenth Finance Commission (TFC), Economic Stimulus Package (ESP) and other State schemes. Besides, loans were availed of from NCRPB for urban water supply schemes in NCR towns.

2.1.8.10 Tardy progress in completion of urban water supply schemes

The position of urban water supply schemes taken up for execution and completed under different programmes during the years from 2010-11 to 2014-15 in the State is given in the following table:

Sr. No.	Year	Opening balance	Schemes taken up for execution	Schemes under execution	Schemes completed	Balance
1.	2010-11	6	90	96	80	16
2.	2011-12	16	107	123	67	56
3.	2012-13	56	75	131	46	85
4.	2013-14	85	12	97	6	91
5.	2014-15	91	64	155	14	141
	Total		348		213	

Source: Data furnished by the Department

Out of 354 schemes (including six ongoing schemes at the beginning of 2010-11) during 2010-15, only 213 schemes were completed (60 per cent) leaving 141 schemes incomplete as of March 2015. The EIC stated (October 2015) that efforts would be made to complete the works at the earliest through monitoring in the monthly meetings of SEs.

⁷ 2010-11: ₹ 0.24 crore, 2011-12: ₹ 1.24 crore, 2012-13: ₹ 1.08 crore, 2013-14: ₹ 0.04 crore and 2014-15: ₹ 0.03 crore

Audit scrutiny showed the following shortcomings:

2.1.8.11 *Incomplete water supply schemes across railway line*

Under ESP Phase-II, in order to provide safe drinking water to the public residing across Railway line, Ambala City, two works for ₹ 78.12 lakh and ₹ 1.61 crore were allotted (18 April 2013 and 15 May 2013) to two different agencies with a time period of 8 and 6 months respectively.

Scrutiny of records of the PHE division, Ambala City showed that both works were completed (March 2015) at a cost of ₹ 78.12 lakh and ₹ 1.61 crore respectively. But these water supply schemes could not be commissioned due to non connectivity of these structures with the raw water supply channel as the permission of crossing pipe lines under Railway track on Ambala- Kalka section had not been granted. The department applied for permission for crossing the Railway line in August 2013. The department had deposited ₹ 50.04 lakh in September 2014 and ₹ 43.58 lakh in March 2015 with the Railways on this account. The process of tendering was underway by Railway Authorities for execution of work in their area (September 2015). Audit observed that the department had executed the work without prior permission of the Railways. As a result of this, expenditure of ₹ 2.39 crore remained unfruitful. The EIC intimated (October 2015) that the work was likely to be completed by March 2016.

2.1.8.12 *Incomplete urban water supply scheme, Barwala*

In order to provide 155 LPCD water supply to the population of Barwala town, an augmentation water supply scheme under the additional financial assistance from GOI was sanctioned (11 May 2004) at an estimated cost of ₹ 7.82 crore. As per detailed estimate, one additional channel, one SS tank and filter bed, laying of pipeline at head works etc. were to be constructed. Further, land measuring 9 acres was to be made available by the Haryana State Agricultural Marketing Board (HSAMB) for construction of Storage and Sedimentation (SS) tank, etc. The works were allotted between November 2008 and October 2012 to 15 different agencies by PHE Division No. II, Hisar and an expenditure of ₹ 6.34 crore was incurred up to March 2015.

Audit scrutiny showed that all components of the estimate i.e. water treatment plant (WTP), filter-bed and work of laying of pipe line at Head Works were completed except SS tank as land measuring 9 acre was not made available by the HSAMB. It was further observed that a park was developed by the Government on the land meant for construction of SS tank. Thus, there was lack of coordination of the Department with HSAMB for taking possession of the land for construction of SS tank. The department should have taken possession of the land before starting the execution of works. As a result of this, the scheme was lying abandoned and the entire expenditure of ₹ 6.34 crore incurred on the scheme remained unfruitful.

The EE intimated (February 2015) that as and when the requisite land would be made available to PHED, the SS tank would be constructed to make the scheme functional. The requisite land was not provided as of October 2015.

2.1.8.13 Blocking of funds in Dharuhera water supply scheme

A master water supply scheme for Dharuhera town was sanctioned (December 2011) under TFC at an estimated cost of ₹ 55.14 crore. The project was to be completed by 31 March 2014. The Land Acquisition Collector (LAC) announced (29 May 2013) the award for acquisition of land measuring 23 Acre 7 Kanal 19 Marla for ₹ 8.64 crore, funds for which were deposited with LAC in January 2013. The possession of the land could not be taken due to pendency of a case in the Hon'ble High Court regarding release of land to land owners having constructed houses on the land. The court case was decided in August 2013 in favour of land owners and it was ordered either to release their land from acquisition or allot alternate plots to them in the residential sector of Dharuhera. The issue of land dispute had not been resolved (May 2015).

Audit observed that the EE had allotted (14 August 2014) the work to an agency for ₹ 30.40 crore with a completion time period of 18 months but the work could not be started due to land dispute. An expenditure of ₹ 18.09⁸ crore was incurred on purchase of DI pipes. It was further observed that pipes worth ₹ 14.34 crore were purchased in December 2011 much before the allotment of work in August 2014. Further, allotment of work without resolving the land dispute was not a prudent decision. Purchase of pipes without resolving the land dispute resulted in blockade of funds of ₹ 18.09 crore.

The PS during the exit conference asked the EIC to investigate the reasons for purchase of pipes and allotment of work without resolving land dispute.

Other points - rural and urban water supply schemes

2.1.8.14 Water quality and testing

According to guidelines of World Health Organization (WHO), every effort should be made to achieve drinking water quality as safe as practicable. Protection of water supplies from contamination was the first line of defence. Failure to provide adequate protection and effective treatment would expose the community to the risk of outbreak of intestinal and other infectious diseases.

In order to provide safe drinking water, the department had set up 42 water testing laboratories with the financial assistance of GOI. As per guidelines of the NRDWP, a target of 3,500 water samples for testing of water at sources was fixed, which was revised to 3,000 samples from 2014-15. As per instructions of GOI dated April 2010, it was desirable that each source should be tested at least once in

⁸ December 2011: ₹ 14.34 crore, August 2014: ₹ 0.97 crore and December 2014: ₹ 2.78 crore

year for chemical contamination and 2-4 times for bacteriological contamination to ensure that the drinking water was potable. According to these norms, a minimum of 14,000 samples during 2010-14 and 3,000 during 2014-15 i.e. 17,000 samples during 2010-15 were required to be tested by each laboratory. As against the target of testing 2,19,000 samples, only 1,08,593 samples (50 per cent) were tested during 2010-15. The shortfall in testing of samples was 50 per cent. Further, out of samples tested, water in 13,944 samples (13 per cent) was found unfit for human consumption.

The Health Department conducts tests of water samples from time to time for bacteriological examination at a laboratory located at Karnal. The laboratory tested 15,481 samples from 2010 to 2014. Out of these, 9,663 samples were found fit for human consumption while 5,818 samples (38 per cent) were found unfit.

The Chief Medical Officers at district level also conduct test of water samples from time to time. In eight⁹ districts test-checked, out of 57,900 samples checked, 6,251 samples (11 per cent) were found unfit for human consumption. In four¹⁰ districts, 1,210 cases of Diarrhea, 176 cases of Jaundice and 53 cases of Enteric Fever were noticed due to consumption of contaminated water during 2010-15.

Audit did not find evidence of a systematic selection of samples which would ensure covering of all sources for chemical and bacteriological examination by rotation. Records also did not provide any evidence of an institutionalised and proper mechanism for follow up action on the failed water samples, thus indicating poor monitoring of one of the most important aspects of providing potable water.

The high percentage of unfit samples indicated supply of poor quality of water which resulted in high incidence of water borne diseases. Thus, there was an urgent need to bring about improvement in the quality of water supply for human consumption. Further, a more robust system of collecting water samples needed to be evolved so that samples from all sources are collected, tested and followed up to ensure supply of safe and potable drinking water throughout the State. The department attributed (January 2016) the shortfall in water samples to shortage of staff for collection of water samples and shortage of chemists in laboratories. The PS while addressing the issue during the exit conference directed the EIC to investigate the matter of short sampling and failure of tested samples as also to improve the procedures in this regard.

2.1.8.15 Social Audit

As per paragraph 19.3 of the NRDWP guidelines, there should be a social audit by the community based organizations after every six month on a fixed date to ensure that the works undertaken by the Department are as per specifications and funds utilized are appropriate to the works undertaken so as to provide a feedback according to the locally developed yardsticks for monitoring as well as key

⁹ (1) Ambala, (2) Hisar, (3) Kaithal, (4) Kurukshetra, (5) Panchkula, (6) Narnaul, (7) Jhajjar and (8) Sirsa

¹⁰ (1) Ambala, (2) Kaithal, (3) Kurukshetra and (4) Sirsa

indicators for measuring consumer's satisfaction of provision of drinking water services are available to them on a sustainable basis. Records, however, showed that the mechanism of social audit had not been put in place by the Department to ensure transparency in execution as well as spending under the programme.

The EIC stated (June 2015) that the department had set up a water and sanitation support organization (WSSO) to carry out activities of information education communication, human resource development, water quality monitoring and surveillance, etc. and had also constituted village water and sanitation committees (VWSCs) in 6,072 villages for ensuring involvement of community in water supply system at grass root level. The reply was not convincing as nothing was found on record to indicate the functioning of the WSSOs and VWSCs as part of the social audit exercise and the primary objective of social audit for measuring consumers satisfaction of provisions of drinking water services on a sustainable basis remain unachieved. The PS, however, directed the EIC during the exit conference to initiate corrective measures.

2.1.9. Internal control system

Internal control provides reasonable assurance to the Management about the compliance of applicable rules and regulations. The internal control system in the department was inadequate as there were cases of excess expenditure over estimates, non-obtaining of performance security, irregular splitting of works, lack of control over advances made to land acquisition collectors, non-installation of capacitors to avoid penalty on electricity consumption, etc. The internal control system for implementation of schemes was weak as there were cases of commencement of schemes without ensuring availability of raw water and without acquisition of land, not taking prior permission from concerned authorities, wrong selection of sites, etc. Further, the internal control system to ensure supply of potable water and action taken on failed water samples was not put in place.

2.1.9.1 Non-maintenance of records of assets created

Para 27.2 of the PWD Code provides that for effective management of assets, the department shall have complete and up to date records of assets created. Records relating to water supply schemes such as inventory of land and other structures with appropriate reference to land record available; register for inlet stations, chambers, SS tanks, etc. were not maintained.

Further, Department shall notify one office in every district to be custodial of all records pertaining to the district. The old records shall be re-arranged so that they are available district-wise. However, if a particular work pertains to two or more districts, the EIC may order the record to be kept in one particular district. Audit scrutiny showed that such records were not maintained in the test checked divisions. In the absence of this, the exact positions of assets created/acquired and their maintenance could not be assessed in audit.

2.1.9.2 Absence of internal audit

With a view to improve the overall quality of work and reduce errors/irregularities, there should be an internal audit system in all Government departments. Audit observed that there was no internal audit system in place in the department. One post of Chief Accounts Officer was sanctioned for conducting internal audit but the officer was carrying out the duties relating to accounts and establishment. The PS directed the EIC during the exit conference to initiate corrective measures on these issues.

2.1.9.3 Monitoring of schemes

The EIC, as head of the department was responsible for monitoring and evaluation of implementation of programmes, schemes and other activities of the department. Monthly progress of each scheme/programme was submitted to the EIC by the EEs through SEs but these reports were not utilized as a management tool and no remedial action was taken on these reports. The EIC stated (October 2015) that various reports were reviewed at head office and also in the meetings held periodically under the Chairmanship of the PS and EIC. Reply was not convincing as monitoring of the schemes was not effective as there were deficiencies in execution of works, water quality and testing, social audit, etc. as discussed in forgoing paragraphs.

2.1.10. Conclusion

The main aim of water supply schemes was to provide safe and potable drinking water which remained largely unachieved due to various deficiencies in planning, financial management, implementation of projects and weak monitoring mechanism. A five year comprehensive water security plan was not prepared and only annual plans were prepared on demand basis. Further, as many as 455 habitations were still water deficient as of March 2015. There is no plan to provide water supply in 73 towns, which fulfilled the criteria of a town as defined by GOI. Only 63 *per cent* rural water supply schemes were completed leaving 37 *per cent* schemes incomplete. Taking up of schemes without ensuring availability of raw water, obtaining prior clearances from concerned authorities and clear title of land, selection of unsuitable site for water works, inaction of the departmental officers against contractors, execution of works without ensuring the availability of pipes resulted in non-completion of schemes and unfruitful/wasteful expenditure. The component of sustainability of water resources under National Rural Drinking Water Programme was not implemented properly as funds meant for this component were spent on normal water supply schemes. Further, no arrangement was made for maintenance of assets created for water sustainability. Three urban water supply schemes were lying incomplete for want of permission from railways, non-availability of land for SS tanks and non-resolving of land dispute with land owners. Only 50 *per cent* samples of targeted samples were collected for water testing in selected districts, of which 13 *per cent* samples were

found unfit. Of the water samples tested for bacteriological examination, 38 *per cent* samples were found unfit for human consumption. Internal control system was also not adequate.

2.1.11. Recommendations

The Government may consider:

- (i) preparation of a five year comprehensive plan for water security to cover water deficient habitations and towns with well defined sub-goals and priorities for each financial year;
- (ii) adherence of provisions of PWD code before taking up schemes to avoid leaving works incomplete after spending huge funds;
- (iii) making provision for maintenance of assets created under sustainability component to derive the benefits of the scheme on a continuous basis;
- (iv) evolving a system for testing of water samples to ensure that samples of all the water sources are collected, tested and followed up with requisite remedial action to ensure supply of safe and potable drinking water throughout the State; and
- (v) putting in place an effective system of internal audit, maintenance of records and monitoring.

Elementary Education Department

2.2 National Programme of Mid Day Meals in Schools

The National Programme of Mid Day Meals in Schools is being implemented with special focus on the enrolment, attendance and retention of children for classes I to VIII. Performance audit of the scheme brought out the following significant deficiencies:

Plans for implementation of scheme were prepared without conducting proper survey or obtaining data from school level.

(Paragraph 2.2.6)

Unspent balances of ₹ 9.83 crore and interest earned amounting to ₹ 0.65 crore were lying in bank accounts of District Elementary Education Officers.

(Paragraph 2.2.7.3)

Coverage of students under the scheme had decreased from 99 to 95 per cent during 2010-15. There was huge deficit in lifting of foodgrains by schools ranging between 21 and 44 per cent.

(Paragraphs 2.2.8.1 and 2.2.8.2)

The ISKCON had lifted 5,761 quintals of foodgrains valuing ₹ 1.23 crore in excess and submitted UCs showing whole quantity as consumed. This was due to release of foodgrains without verification of number of meals by the Department.

(Paragraph 2.2.8.4)

The Department had not evolved any system for testing of food samples to ensure quality of meals served to the children. Further, the system to ensure supply of foodgrains of fair average quality was not followed in Hisar, Kurukshetra and Sirsa districts.

(Paragraphs 2.2.8.5 and 2.2.8.6)

As against the sanction for construction of 11,483 Kitchen-cum-store during 2006-10, only 8,825 were completed, 903 were in progress and construction of 1,755 was not started.

(Paragraph 2.2.8.10)

2.2.1. Introduction

The National Programme of Nutritional Support to Primary Education was launched as a Centrally Sponsored Scheme on 15 August 1995 with special focus on the enrolment, attendance and retention of children. In September 2004, it was decided to provide cooked meals with minimum 300 calories and 8-12 grams of

protein content while simultaneously providing essential micronutrients and de-worming medicines.

The nutritional value of the cooked mid-day meal was increased from 300 to 450 calories and the protein content from 8-12 grams to 12 grams in 2006. The scheme was extended to upper primary stage in educationally backward blocks from 2007-08 and from 2008-09 across the country. The nutritional value for upper primary was fixed at 700 calories and 20 grams of protein per child per school per day. The scheme was renamed as National Programme of Mid Day Meals (MDM) in Schools in 2007-08.

2.2.2. Organisational set-up

The Principal Secretary to the Government of Haryana, School Education Department is the administrative head at the Government level. The Director, Elementary Education Department (EED) is the overall in-charge for administration, co-ordination, implementation and monitoring of the scheme and is assisted by an Additional Director (MDM), a General Manager (MDM) and a Manager (MDM) at the Directorate level. There are 21 District Elementary Education Officers (DEEOs) and 119 Block Education Officers (BEOs) who are responsible for implementation of the scheme at school level.

2.2.3. Audit objectives

Performance audit of the scheme was carried out to verify whether:

- the scheme was planned properly to cover all the eligible primary and upper primary level school children;
- the financial management was efficient and funds provided were utilised in an economic and efficient manner;
- the implementation of scheme was effective and its objective of enhancing enrolment, retention, attendance and improving the nutritional status of children was achieved; and
- the implementation of the scheme was being effectively monitored.

2.2.4. Audit scope and methodology

Six¹¹ out of 21 districts were selected for conducting audit using Probability Proportionate to Size Without Replacement (PPSWOR) method. Twenty four blocks out of 119 blocks in the State (four blocks under each selected district) were selected using Simple Random Sampling without Replacement (SRSWOR)

¹¹ (i) Bhiwani, (ii) Hisar, (iii) Karnal, (iv) Kurukshetra, (v) Rewari and (vi) Sirsa

method. For physical verification, 180 schools (out of 14,714¹² schools in the State), 30 schools from each district were also selected also using SRSWOR method. The methodology adopted was to test-check records with reference to the audit objectives. The field audit was conducted between September 2014 and May 2015 covering the period 2010-15. Records of Directorate of Elementary Education Department (EED), six DEEOs, 24 BEOs and 180 schools were test checked.

A performance audit of the scheme conducted earlier was incorporated in the Report of Comptroller and Auditor General of India for the year ended 31 March 2007 (Civil) Government of Haryana and was discussed by Public Accounts Committee (PAC) during 2012-13. The recommendations of the PAC were kept in view while conducting the audit.

An entry conference was held in February 2015 with the Principal Secretary to Government of Haryana (PS), School Education Department wherein audit objectives, audit criteria and scope of audit were discussed. Audit findings were discussed in the exit conference held in September 2015 with the Director-cum-Special Secretary to Government of Haryana, Elementary Education Department. The replies of the Department and deliberations of the exit conference have been suitably incorporated in the Report.

2.2.5. Audit criteria

The audit criteria were drawn from the following sources:

- Scheme guidelines of 2006.
- Guidelines for decentralisation of payment of cost of food-grains to FCI at district level (February 2010).
- Various orders, notifications, circulars, instructions issued by the Ministry as well as State Government.

2.2.6. Planning

MDM scheme assigns importance to the preparation of Annual Work Plan and Budget (AWPB) by the State based on information maintained at school level and aggregated at Block, District and State level. It envisages a bottom-up approach of planning as it reflects the reality at the grass root level and provides a comprehensive picture of the State.

It was, however, observed that plans were not being prepared properly after conducting proper survey or obtaining data from school level. It was further observed that basic data was not maintained at block and district levels as AWPBs

¹² Government Schools: 14,380, Government Aided Schools: 272, Local Body Schools: 5 and National Child Labour Project Schools: 57

were not prepared by DEEOs in Sirsa for the period 2010-14 and Kurukshetra for the period 2010-13. Data regarding dropout children and attendance was neither maintained at district level nor at the block level in selected districts and blocks.

Further, the data regarding number of students and number of schools on which basis the AWPB had been prepared was questionable considering that data maintained by the EED did not match with that of Haryana School Siksha Pariyojna Parishad (HSSPP), the implementation agency for SSA (*Appendix 2.6*). Till such time that the two sets of data are reconciled to arrive at one authenticated set of data, it is uncertain whether allocation of resources (foodgrains and cooking cost) was being done correctly to provide benefits to the genuine beneficiaries.

There was a provision for construction of kitchen-cum-stores (KCS) in each school. It was observed that proper survey regarding necessity of construction of KCSs in schools was not conducted, as a result of which funds of ₹ 1.09 crore were released for 64 schools which already had KCSs as discussed in paragraph 2.2.8.13. Had proper survey been done the funds could have been allocated only to the schools where there was a necessity. There were 3,822 schools where funds were required for construction of KCSs but funds were not released as discussed in paragraph 2.2.8.11.

The Director stated (February/October 2015) that ideally the planning should have been based on the bottom up approach but since the district-wise AWPBs were not required by the Ministry of Human Resource Development (MHRD) prior to 2013-14, these were not prepared. As far as variance of data between the EED and the HSSPP is concerned, it was informed that the difference was because of different modes of obtaining the relevant data. The Department collects the data physically from the districts and blocks whereas the HSSPP relies on the data maintained in Unified District Information System for Education (UDISE) under Sarv Shikha Abhiyan. It was also stated that the Department had developed MIS portal for capturing data of all the key activities. The Director assured during the exit conference that the data would be reconciled and corrected.

2.2.7. Financial management

2.2.7.1. Funding pattern

The cost of the components such as foodgrains, transportation, management, monitoring and evaluation and kitchen devices were borne 100 *per cent* by Government of India (GOI) and in respect of components of cooking cost, honorarium to cooks-cum-helpers, construction of kitchen-cum-stores, the cost was shared by GOI and State Government in the ratio of 75:25.

2.2.7.2 Budget provision and expenditure

The details of budget estimate and expenditure incurred on MDM during 2010-15 is given in Table 1.

Table 1: Details of budget provisions and expenditure incurred during 2010-15

(₹ in crore)

Year	Budget estimate	Revised estimate	Expenditure	Excess (+)/ savings (-) w.r.t budget estimate (Percentage)
2010-11	194.46	194.46	209.65	(+) 15.19 (8)
2011-12	222.88	272.14	267.32	(+) 44.44 (20)
2012-13	309.65	305.97	231.98	(-) 77.67 (25)
2013-14	352.80	352.80	199.04	(-) 153.76 (44)
2014-15	249.50	315.10	228.29	(-) 21.21 (9)

Source: As per Budget and Detailed Appropriation Account

As is evident from the above table, funds could not be utilised fully by the State and there were savings ranging between 9 and 44 *per cent* during 2012-15 which is indicative of the fact that budget was not prepared on realistic basis after conducting proper survey and feed-back from field offices.

The Director stated (October 2015) that the budget was prepared on the basis of previous years' enrolment. It was also stated that the budget would be prepared based on the appropriate data of enrolment and attendance of students for optimum utilization of budget in future.

2.2.7.3. Unspent balances with DEEOs not reported to GOI

The EED reports the unspent balances of all components of the scheme to GOI. Scrutiny of records showed that the department had been reporting the unspent balances to GOI without taking into account the balances lying with DEEOs. Consequently, huge funds accumulated with the DEEOs. As per orders of October 2012, nine DEEOs deposited ₹ 21.49¹³ crore between September 2012 and December 2012 with the Directorate but the amount also remained unspent as of May 2015. Further, an amount of ₹ 9.83¹⁴ crore was lying unspent with eight other DEEOs (May 2015).

Apart from the above, interest earned on saving bank accounts amounting to ₹ 5.29¹⁵ crore was deposited by 13 DEEOs in treasury under the State Receipt head as per orders of Directorate while interest of ₹ 0.65 crore was lying in the bank accounts of four¹⁶ DEEOs. The interest earned on the funds of the scheme was required to be reported to GOI as unspent balances for adjustment in future releases by GOI but in the instant cases the interest earned was not reported to GOI.

¹³ (i) Ambala: ₹ 1.68 crore, (ii) Faridabad: ₹ 7.43 crore, (iii) Fatehabad: ₹ 0.10 crore, (iv) Gurgaon: ₹ 2.09 crore, (v) Hisar: ₹ 1.72 crore, (vi) Jhajjar: ₹ 1.87 crore, (vii) Kurukshetra: ₹ 1.63 crore, (viii) Mewat: ₹ 3.64 crore and (ix) Sonapat: ₹ 1.33 crore

¹⁴ (i) Bhiwani: ₹ 0.53 crore, (ii) Hisar: ₹ 1.74 crore, (iii) Jind: ₹ 5.24 crore, (iv) Kaithal: ₹ 0.73 crore, (v) Karnal: ₹ 0.01 crore, (vi) Narnaul: ₹ 0.15 crore, (vii) Rewari: ₹ 0.36 crore and (viii) Sirsa: ₹ 1.07 crore

¹⁵ (i) Bhiwani: ₹ 14.48 lakh, (ii) Fatehabad: ₹ 98.12 lakh, (iii) Gurgaon: ₹ 39.35 lakh, (iv) Hisar: ₹ 90.98 lakh, (v) Karnal: ₹ 53.29 lakh, (vi) Kurukshetra: ₹ 6.87 lakh, (vii) Narnaul: ₹ 35.21 lakh, (viii) Panchkula: ₹ 32.78 lakh, (ix) Rewari: ₹ 9.94 lakh, (x) Rohtak: ₹ 10.73 lakh, (xi) Sirsa: ₹ 37.56 lakh, (xii) Sonapat: ₹ 37.52 lakh and (xiii) Yamunanagar: ₹ 62.56 lakh

¹⁶ (i) Ambala: ₹ 21.57 lakh, (ii) Kurukshetra: ₹ 16.09 lakh, (iii) Rewari: ₹ 25.59 lakh and (iv) Sirsa: ₹ 2.21 lakh

A similar observation was also made in Audit Report of the Comptroller and Auditor General of India for the year ended March 2007 (Civil)-Government of Haryana under paragraph 3.4.6.2 and Public Accounts Committee recommended in its 68th report (2012-13) that the Department should initiate action against the defaulting officers who had shown the entire funds as having been spent and responsibility be fixed under intimation to the Committee.

The department stated (February 2015) that the funds released to field offices were considered as utilised due to lack of trained accounts staff in the MDM branch, as a result of which funds accumulated and interest accrued in the districts on these unspent balances. It was further stated (October 2015) that the Department was planning to merge the accounting staff of Directorate, HSSPP and Secondary Education Department for their optimum utilisation to avoid such type of irregularities. The fact, however, remains that unspent funds with field offices were not reported to GOI for adjustment in future releases resulting in accumulation of huge funds in bank accounts.

2.2.7.4. Non-maintenance of cash book and ledger

The Punjab Financial Rules (Rule 2.2) as applicable to Haryana require a Drawing and Disbursing Officer (DDO) to satisfy himself that all the monetary transactions are entered in the Cash Book as soon as these occur and the same are attested by him. Further, as per sanctions issued by GOI, separate accounts were to be maintained in respect of each component of the scheme and the amount of Central assistance was not to be diverted or re-appropriated among the components of the scheme.

The Directorate had not maintained any cash book for the period April 2010 to June 2010 and 15 August 2012 to March 2015 for the funds of MDM. Further, component-wise expenditure statements were not maintained. Therefore, component-wise expenditure could not be verified. Cash book was written for the period 3 June 2010 to 14 August 2012 but was not signed by the DDO. Further, the closing balance as on 14 August 2012 as per bank pass book was ₹ 175.42 crore while as per cash book it was ₹ 105.90 crore. Since the difference in the cash book and bank pass book had not been reconciled (October 2015), chances of detection of misutilisation of funds, if any, were remote thereby rendering the system conducive to misappropriation of funds.

Transactions of Right To Education (RTE) and MDM scheme had been made through a single bank account (Axis Bank), out of which transactions pertaining to the MDM could not be identified in the absence of accounting records i.e. cash book and ledger.

The Department stated (October 2015) that the RTE branch of the Directorate shared the bank account with the approval of the Finance Department. It was further stated that a separate accounts could not be maintained due to non-availability of accounts qualified personnel in the MDM Branch and that the training would be imparted to the concerned officials. It was further assured by

the Director during exit conference that accounting records would be completed and reconciled with the bank account.

2.2.7.5. Loss of interest

The Department placed (March 2007) supply order on Haryana Khadi and Village Industries Board (Board) for 9,268 weighing machines for monitoring the growth of students at the rate of ₹ 775 per machine without calling tenders and considering that the Board was an approved source. The Department prepared (March 2007) a demand draft for ₹ 71.83 lakh in favour of the Board. Audit observed that the Board was not an approved source for purchase of weighing machines. The purchase could not be made and the matter as to whether the Board was an approved source remained under correspondence between the Board and the Department.

Scheme guidelines were revised (June 2010), according to which expenditure on weighing machines was prohibited because of availability of the similar provision under National Rural Health Mission (NRHM). Accordingly, the Department dropped (September 2010) the idea of purchasing the weighing machines. The draft was cancelled and the amount was deposited in MDM bank account only in September 2013 after a period of six and half years after placing the order. Thus, due to failure of the department to purchase the machines in time coupled with delay in cancellation of bank draft, ₹ 71.83 lakh remained outside Government account for six and half years. Apart from the loss of interest of ₹ 32.68 lakh¹⁷, the objective of the scheme could not be achieved.

The Department stated (February 2015) that the supply order was cancelled as the Board was not an approved source. For the lapse for delay in cancellation of draft, the responsible Superintendent was charge-sheeted, promotion withheld for six months and also warned to be careful in the future.

Thus, the fact remains that the Department did not ensure that the Board was an approved source before placing the purchase order and the funds of ₹ 71.83 lakh remained outside the Government account for six and half years. Further, scrutiny of administrative proceedings also showed that while a warning was given to the concerned Superintendent, her promotion was not withheld. The Director stated (October 2015) that the matter would be inquired afresh and appropriate action would be taken.

2.2.7.6 Transportation cost

As per Para 2.3(ii) (b) of the scheme guidelines, GOI was to reimburse the actual cost of transportation of foodgrains from the nearest FCI godown to the schools subject to a maximum of ₹ 75 per quintal.

Foodgrains from FCI godown to the schools were transported by the Haryana State Federation of Consumers' Co-operative Wholesale Stores Limited (CONFED) and

¹⁷ Calculated at the rate of 7 per cent per annum applicable in Government borrowings

the Haryana State Cooperative Supply and Marketing Federation (HAFED). Scrutiny of QPRs and UCs submitted to the GOI by the Directorate showed that 2,00,459.70 MT foodgrains was lifted from the godowns of FCI by CONFED/HAFED during 2010-15 and were paid ₹ 15.03 crore at a maximum rate of ₹ 75 per quintal instead of actual transportation cost based on distance covered.

The department stated (October 2015) that the rate would be rationalised in future. During the exit conference, the Director stated that various slabs of distances covered would be formulated i.e. 0-10 Km 11-20 Km, 21-30 Km and so on and rates would be decided according to these slabs.

2.2.8. Programme Implementation

2.2.8.1 Coverage of students under MDM

The position of enrolment of students vis-à-vis number of students covered under MDM is given in the Table 2.

Table 2: Details of enrolment and number of students in schools

Year	Government schools	Govt.-aided schools	AIE Centers	National Child Labour Project	Local-body schools	Total Enrolment	Number of children covered	Percentage of coverage
2010-11	*	*	00	6,405	00	22,30,970	22,14,790	99
2011-12	21,17,808	55,868	7,909	4,920	916	21,87,421	21,43,672	98
2012-13	20,81,760	46,911	3,337	8,191	840	21,41,039	20,88,995	98
2013-14	19,78,128	47,133	17	7,629	871	20,33,778	19,72,536	97
2014-15	20,08,285	48,976	00	5,407	752	20,63,420	19,60,264	95

Source: Data furnished by the Directorate.

* Separate figure not available in record. However, the department has furnished the figures of total enrolment for 2010-11.

As is evident from the above, coverage of students under the scheme had decreased from 99 to 95 *per cent* during 2010-15. The DEEO, Sirsa had shown *per cent* coverage of schools in the district during 2010-15. However, Audit observed that Government Girls Primary School (GGPS), Chattargarhpatti (Sirsa) was not covered under the scheme for 16 months (August 2009 to January 2011). Thus, DEEO, Sirsa misreported the facts.

The Director stated (October 2015) that the projected population was decreasing and number of private schools was increasing. As regards non-coverage of GGPS, Chhattargarhpatti for 16 months, it was stated during exit conference that an inquiry would be conducted for non-coverage of this school.

2.2.8.2. Short lifting of food-grains vis-a-vis allocation

As per the scheme guidelines {Para 5.1(9)}, the State Nodal Department was to furnish to the Ministry, by January/February each year, request for allocation of foodgrains based on the enrolment data of eligible primary and upper primary schools and EGS/AIE centres of preceding year. The scheme provided for supply of 100 gms foodgrains per child per school day, free of cost, by GOI for primary students and 150 gm per child per school day for upper primary students. Based

on the request, the Ministry allocated foodgrains to the State.

Scrutiny of records showed that the Department lifted 2,00,459.71 MT of foodgrains as against the allocation of 2,83,396.76 MT (**Appendix 2.7**). There was huge deficit in lifting of foodgrains ranging between 21 and 44 *per cent* during 2010-15. In test-checked districts, the percentage of lifting of food-grains against allocation ranged between 67 and 80 *per cent*. Short lifting of food-grains indicates that a large number of students were either not taking meal or were not consuming meal in full quantity as per norms. Further, records of lifting and distribution of foodgrains in test-checked schools showed that out of the 180 selected schools, cooked meal was provided by an NGO in 24 schools of Kurukshetra district. Out of remaining 156 schools, foodgrains were not provided to 149¹⁸ schools as per norms. Out of these 149 schools, deficit of foodgrains was more than 25 *per cent* in 88¹⁹ schools. The details of foodgrain requirement and actually provided in the test checked schools is given in **Appendix 2.8**, which showed short provision ranging between 21 and 38 *per cent*. Due to foodgrain deficit, cooking of MDM was disrupted in 95 schools, out of 156²⁰ selected schools. The disruption was more than 200 days in 10 schools while it was to the extent of 392 days in one school (i.e. GGMS Bawal).

The department stated (October 2015) that allocation of foodgrains was done by GOI on the basis of previous year's enrolment. Decreasing enrolment in the last five years in addition to lesser attendance against enrolment has contributed to higher allocations. As regards disruption of MDM, it was stated that an inquiry would be conducted. Reply highlights only the problem of decreasing enrolment and lesser attendance. However, these factors should have been considered by the Department while placing orders for allocation.

2.2.8.3 MDM not provided to students of Government Aided Schools

Para 2.2.2 of guidelines of 2006 envisages covering of Government aided schools also under the scheme. Scrutiny of records of test-checked districts showed that MDM was not provided to 29 to 32 Government aided schools out of 56 schools in four²¹ districts during 2010-15 which resulted in deprivation of the benefits of the scheme to more than 5,000 students every year. However, the DEEOs of Hisar and Sirsa districts have shown cent *per cent* coverage of the eligible schools and students indicating incorrect reporting of coverage of students under MDM scheme.

The Director stated during the exit conference that concerned DEEOs had expressed that parents and students of these schools declined taking MDM facilities. The Director further replied (October 2015) that the concerned DEEOs, however, had been directed to provide MDM as per guidelines of GOI, otherwise action would be initiated against them.

¹⁸ Bhiwani:27, Hisar:30, Karnal:30, Kurukshetra:6, Rewari: 27, and Sirsa: 29
¹⁹ Bhiwani: 16, Hisar: 22, Karnal: 20, Kurukshetra: 2, Rewari: 12 and Sirsa: 16
²⁰ Out of 180 selected schools, MDM was provided by ISKCON in 24 schools.
²¹ (i) Bhiwani, (ii) Hisar, (iii) Karnal and (iv) Sirsa

2.2.8.4 Provision of cooked meals by ISKCON in Kurukshetra district

Paragraph 3.6 of scheme guidelines 2006 provides that responsibility of cooking/supply of cooked mid-day meal may be assigned to any voluntary organization. MDM was to be cooked locally in the school premises. As per revised (September 2010) guidelines, where there was a space constraint in urban areas, a centralized kitchen might be set up for a cluster of schools and the cooked hot meal may be transported under hygienic conditions through a reliable transport system to various schools.

The work of supply of MDM was assigned (September 2006) to the ISKCON Food Relief Foundation on pilot basis in the blocks of Faridabad and Ballabgarh. The scope was extended to Thaneshar block of Kurukshetra District and further extended (July 2010) to Pehowa and Ladwa blocks of Kurukshetra district. The agreement was entered with ISKCON from time to time, latest in April 2013 upto March 2016. Scrutiny of records of DEEO, Kurukshetra showed the following:

- **Excess lifting of foodgrains and shown as fully utilised**

Foodgrains are lifted by ISKCON from Food Corporation of India (FCI) on the basis of release orders issued by the Divisional Office of FCI on the basis of request of the District Elementary Education Officers (DEEOs). The DEEOs were expected to make request after taking into account the consumption of foodgrains with reference to number of meals provided to students by the ISKCON. Audit observed that the DEEO, Kurukshetra had never compared consumption of lifted food-grains with reference to the number of meals provided to students. ISKCON lifted 43,293 quintals of foodgrains during 2012-15 from FCI while only 37,532 quintals of foodgrains was required with reference to number of meals provided by it.

Due to requesting for release of foodgrains to Divisional Office of FCI without verification with reference to number of meals by the DEEO, Kurukshetra, the ISKCON had lifted 5,761 quintals of foodgrains valuing ₹ 1.23²² crore in excess and submitted UCs showing whole quantity as consumed. Thus, inadequate control of the Department over the release of food-grains resulted in excess lifting of foodgrains.

The Director assured during the exit conference that the concerned DEEOs would be instructed to ascertain actual consumption of foodgrains before issuing release orders for foodgrains.

- **Other deficiencies in implementation of scheme**

(i) As per the agreement (May 2010), ISKCON was to supply cooked hot meal during recess time. It covered 567 schools including the schools located in rural areas with the help of 22 food-vans. A food-van covered more than 25 schools enroute and some vans travelled more than 50 kms before handing over the meal to the last school. Audit observed that out of 24 selected schools, MDM was delivered more than 3 hours prior to recess time in 8 schools while in

²²

The value has been worked out on the basis of economic cost of FCI of different years.

11 schools it was delivered between 1.5 and 3 hours before recess. There was no provision for heating the meals in these schools. Thus, the meal was not served hot to the students. Further, providing cooked meal in rural areas through a centralized kitchen was against the guidelines of the scheme as meals were required to be cooked in rural areas in school premises as per revised guidelines 2010.

The Department stated (October 2015) that NGO would be directed to increase the number of food-vans and to make provision of fuel in schools so that hot meal can be served to students.

(ii) Audit obtained feedback from the teachers and students in selected schools. Out of the 24 selected schools, teacher feedback on quality of food was positive only in 6 (25 per cent) schools. Student feedback was taken in eight Upper Primary Schools, where it was positive only in two schools and negatively commented upon by 78 students in six schools. The Department stated (October 2015) that the feedback would be taken into consideration and corrective steps would be taken, wherever required.

(iii) Four schools in Pehowa (3) and Thanesar (1) blocks having present strength of 328 students had declined MDM since July 2011. The Department had not made any alternative arrangement for providing MDM to students of these schools. The Director assured during the exit conference that serving of MDM would be started shortly.

(iv) As per agreement, the samples of cooked meal were to be taken by the designated doctors/dieticians/officers of the State Government/head of the school for ascertaining the quality and nutritive value of the food. No sample had ever been taken to ascertain the quality and nutritive value of the served meal from the Central kitchen Kurukshetra. The Department stated (October 2015) that directions had again been issued to concerned DEEOs for testing food samples from accredited laboratories.

(v) The performance of NGOs engaged for providing of MDM was needed to be assessed regularly through a credible system of evaluation and renewal of the agreement should depend on their performance. Audit observed that no credible system of performance evaluation was in existence and agreements were renewed without assessing performance. The Department stated (October 2015) that agreement with NGOs would be renewed after conducting inspection and assessing their performance through detailed exercise.

2.2.8.5 Testing of food samples

GOI issued guidelines in July 2013 to all the State Governments to consider engaging of Council of Scientific and Industrial Research institutes/National Accreditation Board for Laboratories recognised laboratories for carrying out sample checking of MDM to ensure quality meal to the children.

It was observed that State Government has not taken any steps to engage the laboratories for checking the quality of the meal provided to students. As such, this important aspect of quality of food was not considered for implementation by the Government. The Director stated (October 2015) that the instructions to all DEEOs had been issued in September 2013 and July 2015 for carrying out sample checking of cooked MDM to ensure quality meal to students. However, audit observed that compliance of instructions was not ensured by DEEOs.

2.2.8.6. Supply of foodgrains without ensuring Fair Average Quality

As per para 3.7 of the scheme guidelines, the FCI was to issue foodgrains of best available quality, which would in any case be atleast of Fair Average Quality (FAQ). The District Collector was to ensure that the foodgrains of at least FAQ were issued by FCI, through a joint inspection by a team consisting of the FCI representative and a nominee of the Collector. It was also decided (February 2010) that sample (in triplicate) of the lifted foodgrains would be taken jointly in the presence of the representative of the State Government (DEEO Office) and FCI and three sample slips (one for DEEOs office, second for FCI District office and third for the depot) would be jointly signed and samples sealed. These samples were to be retained for three months in token of quality of foodgrains received from the FCI and were to be used to ascertain the veracity of the complaint, if any, during this period.

It was observed that the prescribed procedure was followed in Karnal, Bhiwani and Rewari districts but was not followed in Hisar, Kurukshetra and Sirsa districts to ensure supply of FAQ by FCI.

The Director stated (October 2015) that the concerned DEEOs had again been directed to follow the prescribed procedure to ensure FAQ.

2.2.8.7. Improper implementation of health interventions

(i) An objective of the scheme was to provide nutrition to students in primary and upper primary classes. The students were to be provided six monthly dose for de-worming and Vitamin-A supplement, weekly Iron and Folic-Acid supplement, Zinc and other appropriate supplement depending on common deficiencies found in the local area.

Scrutiny of QPRs sent to GOI by the Directorate for the period 2010-15 showed that the Department had not provided the prescribed micro-nutrients and de-worming medicines to the students during 2010-14 except in the last quarter of 2011-12 during which out of 15,596 schools, 7,795 schools provided micro nutrients to students. Further, out of 14,714 schools, on an average 2,583 schools per quarter were covered for providing micro nutrients to students during 2014-15.

(ii) Para 5.1 (8) (i) of scheme guidelines provides for periodical health check-up in schools. It was, however, noticed that health check-up camps were not organised in the selected schools regularly for ascertaining nutritional level in children. The details are given in the Table 3.

Table 3: Details of health check-up camps organized in schools

Name of the district	Never organised	Organised every year	Intermittently organised
Bhiwani	7	3	20
Hisar	9	6	15
Karnal	3	9	18
Kurukshetra	1	13	16
Rewari	3	14	13
Sirsa	1	7	22
Total	24	52	104

Source: Data provided by concerned schools.

Further, analysis of the data showed that out of 31,549 students checked in health check-up camps, 1,486 students were found anaemic or suffering from other deficiencies due to lack of adequate nutrients and 382 students were found underweight. There was no provision in the guidelines to follow-up on anaemic and underweight students.

The Director stated during the Exit Conference that the activity was being implemented in convergence with the Health Department. He also informed that a new activity “Food Fortification” was being implemented in Ambala District on pilot basis.

2.2.8.8. Delayed implementation of revised norms of food, cooking cost, etc

GOI revised (w.e.f December 2009) food norms for upper primary children by increasing the quantity of pulses, vegetables and decreasing the quantity of oil and fat. The cooking cost (excluding the labour and administrative charges) for primary and for upper primary sections was also increased. Separate provision for payment of honorarium to cook-cum-helper at the rate of ₹ 1,000 per month was also made instead of ₹ 0.40 per meal out of amount meant for cooking cost. Accordingly, GOI released (December 2009) the Central share for ‘honorarium to cooks’ amounting to ₹ 3.41 crore.

Scrutiny of records showed that the Directorate communicated the revised norms to all the DEEOs only in March 2010. It was observed in selected schools that different schools implemented the revised norms between the period April 2010 and December 2011. Thus, despite availability of Central share, revised norms were not implemented due to slackness and lack of monitoring. Further, Central share of ₹ 3.41 crore for the year 2009-10 on account of honorarium to cooks was also not drawn. As a result of this, the students were deprived of additional benefits provided for in revised norms.

The Director stated during the exit conference that it was a loss to the State exchequer and attributed the delay to late communication of instructions of revised norms at various levels.

2.2.8.9. Training to Self Help Groups

As per decision taken in the meeting held (February 2010) between Education and Rural Development Departments, the Self Help Groups (SHG) formed under Swarnajayanti Gram Swarozgar Yojana were to be involved in the

implementation of the Scheme. The Directorate while communicating (March 2010) the revised norms of the scheme stated that the work of preparation and distribution of MDM would be taken over by the SHGs (women) from April 2010. Before handing over the responsibility, the SHGs were to be trained in the field of food-nutrition, hygiene and maintenance of records.

Scrutiny of records showed that an amount of ₹ 93²³ lakh was released between May 2010 and May 2013 to the districts for imparting training to SHGs. Out of this, only ₹ 35.06 lakh was spent upto May 2015. It was further observed that no planning was done for imparting training and even the targets for training were not fixed. The information regarding number of SHGs trained was not available. Further, the information, whether the work of preparation and distribution of MDM has been handed over to the SHGs, in how many schools in the State was not available with the Directorate. Thus, in the absence of proper planning, training could not be imparted to SHGs properly.

The Director intimated (October 2015) that out of the ₹ 93 lakh released for training, ₹ 64.63 lakh had been utilized and the Department had started organising district wise workshops for training to SHGs.

Construction of kitchen-cum-stores

2.2.8.10. Physical and financial status of kitchen-cum-stores

As per scheme guidelines {Para No. 2.3(v) of 2006} Kitchen-cum-Stores (KCS) were to be constructed in each school to facilitate cooking in schools so that fresh and hot cooked meal may be served to the children.

The construction work of KCSs was to be executed through Haryana School Shiksha Pariyojna Parishad (HSSPP) since the implementation of the revised MDM Scheme 2006. The position of year-wise sanction of KCSs, amount released to HSSPP and status of construction as of September 2015 was as given in Table 4.

Table 4: Year-wise status of Kitchen-cum-Store

(₹ in crore)

Year	No. of KCS sanctioned	Amount released to HSSPP	Date of release of amount to HSSPP	No. of KCS			Amount incurred	Balance amount
				Completed	In progress	Not started		
2006-07	1,849	11.10	22 March 2007	1,509	193	147	15.91	(-) 4.81
2006-07	1,336	8.02	31 March 2007	497	00	839	8.62	(-) 0.60
2007-08	873	5.24	14 March 2009	821	20	32	10.69	(-) 0.22
		5.23	22 March 2010					
2009-10	4,383	72.08	07 April 2010	3958	286	139	55.48	16.60
2009-10	3,042	51.59	27 August 2012	2040	404	598	41.99	9.60
Total	11,483	153.26		8825	903	1755	132.69	20.57

Source: Data supplied by the Directorate of Elementary Education Haryana.

As is evident from above, as against the total release of ₹ 153.26 crore, only ₹ 132.69 crore was spent and ₹ 20.57 crore was lying unspent and works

²³

May 2010: ₹ 9 lakh, March 2011: ₹ 42 lakh and May 2013: ₹ 42 lakh.

remained incomplete despite availability of sufficient funds. It was observed that there was lack of coordination between the Department and the executing agency (HSSPP) which resulted in delay in construction of KCSs. Further, expenditure of ₹ 5.63 crore was incurred in excess of norms to complete the works sanctioned in 2006-07 and 2007-08. No approval was obtained from the Department by HSSPP for incurring expenditure in excess of norms.

In the selected districts, out of 4,298 KCSs, only 2,836 were completed, 506 were in progress and construction in respect of 956 was not started.

The Department attributed (February 2015) the excess expenditure against norms to cost escalation due to delay in construction. Thus, excess expenditure could have been avoided by completing works within a reasonable time.

The Director assured during the exit conference that HSSPP would be persuaded to complete the construction work of the remaining kitchens expeditiously.

2.2.8.11. Central assistance not availed due to non-completion of KCSs

The GOI emphasized (August 2012) the completion of KCSs sanctioned in the earlier years and requested to submit the proposal for construction of KCSs for remaining schools. Out of 15,305 primary and upper primary schools in the State, KCSs were sanctioned for 11,483 schools during 2006-10 and 3,822 schools were not having KCSs.

The State Government sent (September 2012) a proposal for release of Central assistance of ₹ 55.32 crore for construction of 3,822 KCSs. The GOI requested (November 2012) to the State Government to send the physical and financial progress of construction of KCSs sanctioned during 2006-10. Subsequently, due to poor progress, the GOI asked (February 2013) the State Government to refund the unutilised funds if the Department was not in a position to start/complete the KCSs. The State Government again sent the proposal to GOI in February, May and July 2013 but the same was not accepted (December 2015).

Thus, the Department had forgone Central assistance of ₹ 55.32 crore due to slow construction of KCSs. Besides, 3,822 schools remained deprived of the facility of KCSs. Audit observed that there was lack of monitoring over the executing agency i.e. HSSPP by the Directorate.

The Director agreed with the audit observation during the exit conference and assured that the matter would be examined.

2.2.8.12. Delay in drawal of Central share and advance drawal of State share

An amount of ₹ 38.70 crore was sanctioned (March 2010) by the GOI for construction of 3042 KCSs. This amount could not be drawn due to late receipt of sanction from the GOI. However, GOI permitted (September 2010) the Department to utilise the amount in 2010-11. The amount again could not be drawn due to non-making of provision in the State budget. GOI was requested in

May 2011 to allow the State Government to utilize the amount during 2011-12. Thereafter, the amount was drawn on 31 March 2012 i.e. after a gap of two years of sanction of GOI.

The Department drew State share of ₹ 12.90 crore in March 2011 and kept the amount in the saving bank account. As the Central share was drawn in March 2012, the amount including Central share of ₹ 38.70 crore was transferred to HSSPP only in August 2012. The State share was drawn in advance of requirement. As a result of this, the amount remained in the saving bank account for one year and five months.

The department stated (February 2015) that Central assistance could not be drawn due to non-making of provision in the State budget. As regards drawal of State share in advance of requirement, it was stated that the funds were drawn to avoid lapse of budget grant. The fact remains that the Department failed to make provision in the State budget even for the year 2010-11 despite sanction of the funds by GOI in March 2010. Further, the drawal of funds to avoid lapse of budget was also irregular.

2.2.8.13. Release of funds without assessing requirement

A total of 588 bank drafts each for ₹ 1.70 lakh were sent (March 2012) by the HSSPP to School Management Committees (SMCs) in Bhiwani district for construction of KCSs. Out of these, 64 bank drafts for ₹ 1.09 crore were not accepted by the concerned SMCs as KCSs were already in existence in these schools. The bank drafts were returned to HSSPP in September 2012 and were cancelled and amount deposited (November 2012) in bank account. Thus, an amount of ₹ 1.09 crore was sent to the SMCs without assessing the requirement of KCSs in these schools. As a result, the amount remained outside the Government account for eight months.

The Director while admitting the facts during the exit conference stated that there was lack of planning due to non-availability of appropriate data.

2.2.9. Impact on enrolment, retention and attendance

One of the main objectives of the scheme was to enhance enrolment, retention and attendance in the Government, Government-aided and local body schools. The Department had fixed the targets for enrolment of all the eligible children in the State and also to bring down the dropout rate to nil. However, target for attendance of students in a school in an academic year was not fixed. The details of enrolment of students in primary and upper primary schools for the period 2010-15 are given in Table 2 referred in paragraph 2.2.8.1.

The enrolment of students in schools had declined from 22.31 lakh in 2010-11 to 20.34 lakh in 2013-14 while there was increase in enrollment (20.63 lakh) in 2014-15 with reference to 2013-14. Apart from this, basic data regarding drop out of students and attendance of students was neither maintained at Directorate level nor at district level. As such, impact of MDM on these important aspects could not be assessed in audit. Further, audit observed that the attendance in test-checked schools ranged between 62 and 96 *per cent*²⁴ during 2010-15.

The Department stated (February 2015) that the reasons behind decreasing enrolment in Government schools were firstly, the rate of population increase in the segment (Class I to V) was decreasing in Haryana and secondly, preference of parents for private schools over Government schools. It was further stated (October 2015) that under the provision of RTE there was no provision of taking examination and detaining the students resulting in less enrolment in Government schools. The reply was not convincing as child population (0-6 age) had increased at the rate of 1.35 *per cent* (33.36 lakh in 2001 and 33.81 lakh in 2011) during 2001-11 as per census data of the State. Thus, the objective of enhancement of enrolment of students remained unachieved to a large extent.

2.2.10. Monitoring and evaluation

2.2.10.1. Non-conducting of inspections

As per paragraph 6.2 of the scheme guidelines, the scheme was required to be regularly monitored to assess as to whether all children were regularly getting meal of satisfactory quality, impact on improving children's nutritional status, regularity in attendance, retention and completion of education.

State Government was required to fix monthly targets for inspection of MDM served in schools/EGS-AIS Centres so that all schools and EGS/AIE Centres are covered atleast once in a year.

As per paragraph 2.18 of the Annual Work Plan and Budget 2010-11, Project Approval Board (PAB) decided to monitor the programme regularly by State/Headquarters Officers, DEEOs and BEOs and also informed that they may be directed to inspect atleast 25 schools in a month.

Scrutiny of records showed that the inspections of schools/centres were not carried out by the Department as per targets fixed by PAB. The percentage of inspections carried out against the targets during 2010-11 was negligible (three *per cent*) while it ranged between 9 and 16 during 2011-15 (**Appendix 2.9**). No Inspection Reports were prepared by the officials deputed for field inspections. In the absence of this, the SMCs could not take remedial measures, if any.

²⁴ Bhiwani: 66 to 96 *per cent*, Hisar: 71 to 96 *per cent*, Karnal: 74 to 93 *per cent*, Kurukshetra: 74 to 95 *per cent*, Rewari: 67 to 95 *per cent*, Sirsa: 62 to 96 *per cent*,

Scrutiny of records in selected districts also showed that inspection by DEEOs ranged between 19 and 52 *per cent* and in respect of BEOs, it ranged between 6 and 19 *per cent* (*Appendix 2.9*).

The Department stated (October 2015) that instructions had again been issued to the concerned officers to inspect the schools on regular basis.

2.2.10.2. Steering-cum-Monitoring Committee meetings

As per paragraph 3.2 of scheme guidelines 2006, the State Governments were required to set up 'Steering-cum-Monitoring Committees (SMC)' at the State, District and Block level. As per provisions, monthly meeting at the Block level in the first week, monthly meeting at District level for reviewing of Block level meetings in addition to normal monitoring functions and State level half yearly meeting for reviewing of District level meetings in addition to normal monitoring functions were to be held.

It was observed that against the requirement of holding 10 meetings at State level, only five meetings were held, at district level, only 14 meetings were held against the requirement of 360 meetings and at block level, only 28 meetings were held against the requirement of 1,440 meetings. Thus, the monitoring of the implementation of the scheme by SMCs was very weak.

The Department stated (October 2015) that instructions had again been issued to the concerned officers to constitute SMCs and hold meetings regularly.

2.2.11. Conclusion

There were deficiencies in planning as plans were prepared without conducting proper survey or obtaining data from schools. Unspent balances with DEEOs were not reported to GOI. Besides, huge funds remained outside the Government Account. Foodgrains were lifted short (21 to 44 *per cent*). Cases of supply of foodgrains without ensuring Fair Average Quality, non-administration of micro-nutrients and de-worming medicines, delayed implementation of revised norms of food, cooking cost were observed in audit. Apart from this, no system was evolved to measure the quality of cooked food supplied by an NGO in Kurukshetra district. The construction of kitchen-cum-stores was very slow as only 77 *per cent* of total sanctioned KCSs were completed, as a result of which central assistance of ₹ 55.32 crore could not be availed of. The enrolment of students in schools had declined from 22.31 lakh in 2010-11 to 20.34 lakh in 2013-14 while there was increase in enrollment (20.63 lakh) in 2014-15 with reference to 2013-14. Inspection of schools to ensure regular availability of meals of satisfactory quality, etc. was negligible. Meetings of steering-cum-monitoring committee were not held at regular intervals.

2.2.12. Recommendations

The Government may consider:

- making plans after conducting proper survey and obtaining data from schools, preferably online and on real time basis;
- evolving proper system for making payment of transportation cost on actual basis instead of at maximum rate to foodgrains lifting agency;
- reviewing the system of meal provision by appreciating ground realities instead of applying the omnibus principle of one hat fits all;
- completion of construction of kitchen-cum-stores in a time bound manner; and
- strengthening the system of inspections by Government machinery to ensure uninterrupted supply of quality meals to students including the schools covered by NGOs.

Higher Education, Medical Education and Research and Technical Education Departments

2.3 Framework for setting up of Private Colleges and Private Universities

The Higher Education Department framed guidelines for the setting up of Private Colleges under self financing scheme in the State in July 2004. Similarly, Health {now Medical Education and Research (MER)} Department issued guidelines for opening of Nursing Schools and Colleges in July 2007. The State also enacted “The Haryana Private Universities Act-2006” for the setting up of Private Universities (PUs) in November 2006. Performance audit of framework for setting up of Private Colleges and Private Universities brought out the following significant deficiencies:

Private colleges were being recognised without obtaining the comments of State Government/affiliating universities, universities were granting affiliation to the colleges having inadequate infrastructure, faculty, etc. There was no provision for regular inspection by universities.

(Paragraphs 2.3.6.1 to 2.3.6.3)

The Higher Education Department had not maintained proper records of Government receipts. Absence of provision for charging processing fee for setting up of private colleges for the period 2008-14 resulted in loss of revenue of ₹ 97 lakh to the Government.

(Paragraph 2.3.7.1)

No objection certificates were issued by Medical Education and Research Department after obtaining bank guarantee of ₹ one crore instead of ₹ three crore. Similarly, no objection certificates were issued to three private colleges without obtaining bank guarantees of ₹ three crore by Higher Education Department.

(Paragraph 2.3.7.2)

Because of failure of Higher Education Department in exercising proper control, a B.Ed college got recognition on the basis of fake documents and by concealing facts.

(Paragraph 2.3.8.1 (a))

Annual returns to ensure that reservation and fee concession for students of Haryana was being provided by Private Universities, were not being sent regularly to Higher Education Department.

(Paragraph 2.3.8.5)

The private colleges were running with inadequate infrastructure. Four private universities had appointed 51 faculty members without fulfilling eligibility criteria.

(Paragraphs 2.3.8.6 and 2.3.8.7)

2.3.1. Introduction

Education is an essential and vital element for all round development of a person, society or a State. The State plays an active role in education and Government of Haryana recognized that the private sector can play an important role in augmenting education in the State. Accordingly, the Higher Education (HE) Department framed guidelines for the setting up of Private Colleges (PCs) in the State in July 2004. Similarly, Health {now Medical Education and Research (MER)} Department issued guidelines for opening of Nursing Schools and Colleges in July 2007. The State also enacted “The Haryana Private Universities Act-2006” for the setting up of Private Universities (PUs) in November 2006. A total of 1,213 PCs and 18 PUs were opened in the State as of March 2015 (*Appendix 2.10*). The PCs were affiliated with 10 State Government Universities.

A registered society, trust or company intending to establish a PC and having required land, financial capability and expertise in the field can apply to the concerned Government Department or Central Regulating body with Detailed Project Report (DPR) showing proof of land holding (own/lease hold/gift deed), its building/ infrastructure plan, development plan, other facilities/ amenities along with prescribed non-refundable processing fee. After preliminary scrutiny within the department/central agency, review by the expert committees and physical verification of infrastructure available/to be made available, a formal letter of intent/approval (LOI/LOA) is issued to the sponsoring body. After compliance of terms and conditions of LOI/LOA and creation of proper endowment fund/FDRs/ Bank Guarantee pledged with the Government departments, recognition/NOC to establish a PC is issued under the guidelines.

As per the provisions of University Grants Commission (UGC) Act, 1956 and UGC (Establishment of and Maintenance of Standards in Private Universities) Regulations 2003, a PU can be established by a sponsoring body. A sponsoring body applies to the Higher Education (HE) Department with Detailed Project Report (DPR). After completion of all the formalities and creation of prescribed Endowment Fund, PU is allowed to be established through a notification by the Government. Once the PU is established, it is required to apply to UGC for enlistment under the said Act.

2.3.2. Organisational set-up

The HE Department deals with setting up of PCs and PUs. MER Department

deals with setting up of Private Nursing Schools and Colleges and also issues essentiality certificates (ECs)/prior consent for the setting up of Medical, Ayurveda, Dental, Homeopathy Colleges, etc. Technical Education Department (TE) exercises control over the private technical colleges as per the terms and conditions of All India Council of Technical Education (AICTE). National Council for Teachers' Education (NCTE) gives recognition for opening of B.Ed. Colleges. The PCs are required to get affiliated with the concerned universities. The concerned Additional Chief Secretaries/Principal Secretaries are the administrative head at Government level. The Vice Chancellors of the universities are the Principal Executives and Academic Officers and exercise control over the affairs of respective universities.

2.3.3. Audit objectives

The main audit objectives were to assess whether:

- provisions of Acts, rules, regulations, norms and standards and guidelines were adequate to achieve the objectives;
- receipts from PCs and PUs were being accounted for properly as per the extant orders;
- provision of Acts, rules, regulations, etc. were adhered to and land/buildings/infrastructure and qualification and availability of faculty and supporting staff was as per norms prescribed by various authorities; and effective mechanism for monitoring was in place.

2.3.4. Scope of audit and methodology

Records of the directorates of HE, MER and TE Departments relating to setting up of PCs/ PUs and account of receipts there from as per extant orders for the period 2010-15 were test-checked during December 2014 - June 2015. The cases prior to this period, which came to notice during performance audit and irregularities which continued from earlier period, have also been included in the Report. The records of 77 out of 1,213 private colleges (*Appendix 2.11*) relating to their affiliation, fee structure and other controls to ascertain proper functioning of the colleges were also test checked in five²⁵ affiliating Government universities. Records of five, out of 18 PUs were checked in the offices of HE Department and UGC.

An entry conference was held in January 2015 with the Additional Chief Secretary (ACS)/Principal Secretary (PS) to Government of Haryana, HE and TE

²⁵ (i) Chaudhary Devi Lal University (CDLU), Sirsa; (ii) Guru Jambheshwar University (GJU) of Science and Technology, Hisar; (iii) Kurukshetra University, Kurukshetra (KUK); (iv) Maharishi Dayanand University (MDU), Rohtak and (v) Pt. B.D. Sharma University of Health Sciences (Pt. B.D. Sharma UHS), Rohtak

Departments and representatives of MER Department wherein audit objectives, audit criteria and audit methodology were discussed. Audit findings were discussed in the exit conference held in December 2015 with the ACSs of HE and TE Departments alongwith representative of MER Department. The replies of the Departments and deliberations of the exit conference have been suitably incorporated in the Report.

2.3.5. Audit criteria

Audit criteria were derived from following sources:

- Guidelines framed by Higher Education and Medical Education and Research Departments for setting up of Private Colleges;
- Acts, rules, regulations, norms and standards of regulating bodies viz. University Grants Commission, All India Council of Technical Education, National Council for Teachers Education, etc;
- The Haryana Private Universities Act 2006; and
- Ordinances, terms and conditions framed by affiliating universities.

Audit findings

2.3.6. Sufficiency of provisions of Acts, rules, regulations, etc.

2.3.6.1 Lack of control over opening of institutions

The applicants seeking permission to open technical institutions and B.Ed colleges were required to submit online applications direct to the regional offices of AICTE²⁶ and NCTE²⁷ alongwith prescribed processing fee with a copy to State Government and respective affiliating university for submitting their viewpoints to AICTE or NCTE. The State Government/affiliating universities were required to forward their views within a period of 15 days to AICTE and 75 days to NCTE from the date of receipt of applications. In the absence of views from the State Government/affiliating universities, the council would proceed for completion of approval process. The regulations of NCTE also contained provisions for affiliation by the concerned university once the recognition is provided by NCTE. It was noticed that the viewpoints had not been submitted by the State Government/universities to the proposals received individually, as required, in any case. The approach of AICTE and NCTE coupled with improper scrutiny of applications/inspection reports and non-submission of comments by the State

²⁶ Clause 3.1 of Chapter-1 of AICTE Approval Process Handbook

²⁷ Paragraph 5 of notification dated 31 August 2009 regarding amendment for NCTE (Recognition, Norms And Procedure) Regulations 2007

Government/universities to the applications resulted in opening of PCs with inadequate infrastructure and other mandatory requirements as discussed in paragraphs 2.3.8.1 to 2.3.8.2. Adequate infrastructure and other basic facilities in the institutions are vital to provide quality education. In the absence of this, quality of education was adversely affected.

The ACS, HE Department stated during the exit conference that the NCTE did not forward the proposals/applications to the Government for offering viewpoints and NOCs were being issued by NCTE in connivance with the concerned affiliating universities. It was further stated that the matter had been taken up thrice (2009, 2011 and 2014-15) at State Government level with the Hon'ble Minister, Ministry of Human Resource Development (MoHRD), Government of India (GOI) to issue necessary directions to NCTE not to further open B.Ed colleges. Further, the ACS, Technical Education added that the Government had taken up the matter with AICTE (2011) not to further open technical colleges in the districts where saturation had reached. The time window for furnishing viewpoints by the State Government was also found less, being only 15 days. The reply was not convincing as the matter should have been taken up with the AICTE/NCTE if the departments felt that sufficient time was not available or the applications were not being received in the department for offering viewpoint. The Department needed to be more proactive in exercising requisite controls from the outset.

2.3.6.2 Affiliation

After recognition/issue of NOC by the regulatory bodies/State Government, the PC is required to get itself affiliated²⁸ with the university. The universities had promulgated the ordinances containing the terms and conditions of affiliation and had devised an application/inspection proforma containing details of human resources and infrastructure available with requisite documents.

The CDLU, GJU and KUK had allotted 500 marks divided into two parts (Part-A: human resources and Part-B physical infrastructure and other facilities/amenities) each of 250 marks. It was necessary for a college to get at least 50 *per cent* marks in each part to qualify for affiliation, subject to compliance/removal of deficiencies.

The proforma devised by MDU contained 100 marks divided into three parts (a) teaching and non-teaching staff (50 marks); (b) infrastructure and amenities (25 marks) and (c) library and laboratory (25 marks). It was stipulated that colleges getting 70 *per cent* and above marks in each category would be graded 'A', 50 to 70 *per cent* - 'B' and below 50 *per cent* - 'C'. Colleges with 'B' grade

²⁸ KUK: Clause 2 of Chapter-I of Ordinance XVI of Calendar Volume-I, GJU followed the same ordinances of KUK, MDU: Schedule to Statute-37, Pt. B.D. Sharma University: Clause-2 of ordinance regarding conditions of affiliation of colleges and institutions to the privileges of the University and the withdrawal of such privileges and CDLU: Chapter-XVII of the Ordinance (Other than Examination ordinances) of Calendar 2011 Volume-I.

were affiliated with the condition that deficiencies pointed out would be removed before the next academic session.

Audit observed that granting of affiliation to 'B' category colleges led to creation of colleges with inadequate facilities in respect of teaching faculty, class rooms, laboratories and library which were vital for ensuring quality education in 12 colleges out of 77 test-checked (*Appendix 2.12*). Further, the deficiencies continued for years and have been not fully addressed. No mechanism was evolved to monitor the compliance of deficiencies once the affiliation was given by the universities. There was no record with the universities to prove that show cause notices were issued for removal of deficiencies. Thus, the inaction of the universities resulted in running of such institutes with inadequate facilities for a long time having adverse effect on the quality of education imparted.

The ACS, HE Department stated during the exit conference that the Department would call for a conclave of all the affiliating universities in the State to discuss the matter and a standard checklist would be devised incorporating all the essential requirements and would be circulated among the affiliating universities to standardize the specifications for affiliation of PCs.

2.3.6.3 Inspections

On receipt of application from the applicant for affiliation, an inspection committee²⁹ consisting of two or more competent persons is being constituted by the Executive Council (EC)/Vice Chancellor (VC) of the concerned affiliating university. The inspection committee, on the basis of inspection, submits their report to the Registrar and thereafter the report is placed before the Executive Council. It was, however, observed that there was no expert member in the committee to assess the financial capability of the institutes. It was further observed that specific qualification of the members of the inspection committee such as building expert, financial expert and academic expert in particular field for which the institution is to be opened, has not been prescribed in the ordinances. Further, there was no provision in the ordinances for doing videography of inspections nor was it being done to keep their records authentic.

As per guidelines, it was also required to check whether the building conforms to the by-laws of the concerned competent Body/Municipal Body/HUDA and environment clearance and fire safety certificates from the competent authorities were obtained. Audit observed during scrutiny of records of test-checked PCs in affiliating universities that neither the system of obtaining certificate from the competent authority was evolved nor inspection committee ensured the compliance on these aspects as of March 2015 while conducting inspection except

²⁹ KUK: Clause 3 of Chapter-I of Ordinance XVI of Calendar Volume-I, GJU followed the same ordinances of KUK, MDU Schedule to Statute 37 and Pt. B.D. Sharma University: Clause 5 and 6 of ordinance regarding conditions of affiliation of colleges and institutions to the privileges of the University and the withdrawal of such privileges and CDLU: Clause-2 of Chapter XIX of the Ordinance (Other than Examination ordinances) of Calendar 2011 Volume-I

in respect of Om Group of Institutions, Hisar, which had conditional environment clearance certificate (11 July 2012) from State Environment Impact Assessment Authority, Haryana.

Besides, no system was evolved by the universities for surprise checking of running of classes and the attendance of students and faculty, to ensure quality education by PCs. However, taking a lead in the direction, MDU Rohtak conducted (December 2014 and January/February 2015) surprise checking of 47 B.Ed. colleges and noticed glaring deficiencies such as non-availability of faculty, students, infrastructure and other support system in 24 of these colleges. It is recommended that surprise checking should be done to strengthen the system of monitoring the functioning of PCs.

The ACS, HE Department stated during the exit conference that these issues would be discussed in the conclave of affiliating universities and provisions would be made by affiliating universities for inclusion of experts to evaluate financial capability and adherence to building norms as per central building bye-laws in the inspection committees, videography at the time of inspection and surprise checking of PCs. It was also stated that efforts were being made to streamline the number of colleges affiliated with the State universities to reduce the pressure on affiliating universities and enable them to conduct more meaningful inspections.

2.3.6.4 Lack of financial and administrative control

The affiliating Universities were responsible for conducting inspection³⁰ prior to grant of affiliation and annual inspection³¹ to continue the same for succeeding years for academic point of view, but there was no provision to conduct any administrative or financial audit. Further, as per Approval Process Handbook of AICTE, the applicant shall be open to mortgage the land only after receipt of letter of approval (LOA) from AICTE, only for raising the resources for the purpose of development of the institute situated on that land.

Scrutiny of records of KUK showed that SB institute of Engineering and Technology, Fatehpur Pundri (Kaithal) had taken a loan of ₹ 13.79 crore as indicated in the balance sheet of the 31 March 2013 from Punjab National Bank after getting the property (building and equipments) mortgaged. The college failed to repay the loan and the bank got the property attached (April 2015) through the Court of Law during the middle of the academic session, jeopardizing the future of 256 students enrolled in various courses. The university, however, made arrangements for shifting of 20 students only in other institutes. Three other students did not apply for examination while one left the studies. Nothing was on record about the fate of the remaining 232 students. Had there been sufficient provisions in the Act, Rules, Regulations, guidelines and ordinances of affiliating universities for proper control over the activities of the institutes, the situation could have been averted.

³⁰ KUK: Clause 3 of Chapter I of Ordinance XVI of Calendar Volume I

³¹ KUK: Clause 14 of Chapter I of Ordinance XVI of Calendar Volume I

The ACS, TE Department viewed the matter seriously and stated during the exit conference that the matter would be looked into and appropriate action would be taken.

2.3.7. Receipts from PCs and PUs and their accountal

2.3.7.1 Non-maintenance of record for accountal of processing fee/absence of provision for charging processing fee

(a) The guidelines of HE Department framed (July 2004) for setting up of PCs provided for processing fee at the rate of ₹ 25,000 for opening a new college and course fee at the rate of ₹ 10,000 for starting a new course. The price of booklet was also fixed at ₹ 100 per copy. In view of this, the HE Department was required to open a cash book/ledger for maintenance of records of receipts and payments. The Department issued NOCs for setting up of 206 (B.Ed.-116, Degree-76, Law-14) private colleges upto July 2015. The Department had not maintained records such as ledger, cash book, register for recording receipt of bank drafts and their encashment, etc. in respect of processing fee. However, some registers/rough papers were maintained and a perusal thereof showed that processing fee in respect of 301 applications for opening of new colleges and 215 applications for starting a new course were found recorded as received during 2004-10. Besides, 42 applications for opening new colleges and 14 for starting new courses out of pending list received during 2004-08 were also not found recorded. Total amount receivable on this account works out to ₹ 108.65 lakh. Scrutiny of the bank statement for this period showed that there was total receipt of only ₹ 88.10³² lakh on account of processing fee upto October 2008. Thus, there is less receipt of ₹ 20.55 lakh in the bank.

The ACS, HE Department viewed the matter seriously during the exit conference and ordered to the Director, HE Department to fix the responsibility in the matter and to make all the arrangements for the accountal of all the receipts.

(b) The guidelines were revised in 2008-09 for degree colleges wherein no provision for processing fee and course fee was made and the reasons/logic for not charging processing fee were not placed on record. Thus, the system of framing guidelines was erratic. These guidelines remained in force upto 9 January 2014. Thereafter, the guidelines were again revised w.e.f. 10 January 2014 wherein rate of processing fee was fixed at ₹ two lakh for opening a new college. The Department did not notice the lapse of non-provision of processing fee for opening degree colleges framed in 2008-09 even when new guidelines were framed in August 2010 for opening of Law Colleges wherein processing fee of ₹ two lakh was fixed. The Department processed 53 proposals during 2008-15 and issued NOCs for opening of Degree colleges during 2009-16 (upto August

³² ₹ 88,10,000 = {(272 x ₹ 25,000) + (201 x ₹ 10,000)}

2015). The Government had to forgo revenue of ₹ 97³³ lakh during the period from 2008-09 to 2013-14 (upto 8 January 2014) on account of processing fee. Besides, there was revenue loss due to non-fixation of course fee.

The HE Department stated during the exit conference that there was no remedy for recovery of processing fee as it cannot be made applicable retrospectively. The fact remains that the Government suffered the loss of revenue of ₹ 97 lakh due to erratic system in framing the guidelines.

(c) As per records made available, MER Department (Nursing Branch) issued 97 NOCs and processed 544 proposals for setting up of private nursing colleges/schools during 2007-11. The total processing fee receivable including amount realised on sale of brochure worked out to ₹ 1.86 crore. Though records of receipt of ₹ 0.58³⁴ crore was available with the department, the balance amount of ₹ 1.28 crore remained un-reconciled (December 2015). Out of withdrawn amount of ₹ 9.10 lakh, ₹ 6.22 lakh was spent on TA/DA, purchase of tea set, curtain, sofa cover, etc. No account for balance amount of ₹ 2.88 lakh was available with the Department.

The Director, MER Department stated during the exit conference that their directorate came into existence in 2009 and work relating to Nursing branch was shifted in January 2011. Prior to this, the accounts were maintained by DGHS. It was further stated that the matter would be taken up with DGHS for reconciliation.

(d) Bank drafts worth ₹ 10.70 lakh in 43 cases on account of processing fee, received between 31 December 2008 and 14 July 2014 from applicants were not presented to the bank for clearance and were lying with the Department (December 2015). In other 39 cases, bank drafts worth ₹ 1.95 lakh, received between 7 January 2009 and 18 August 2009 were returned (April 2010) to the sponsoring bodies/ management for revalidation. However, no record to establish that these bank drafts were received back was available with the MER Department (March 2015).

The Director, MER Department accepted the facts during the exit conference and stated that NOC had been issued in 10 cases and 33 cases was pending. As regards, bank drafts of ₹ 1.95 lakh returned to applicants for revalidation, it was stated that the position was being gathered from DGHS.

(e) The guidelines of MER did not contain any provisions for processing fee for the issue of Essentiality Certificate (EC) for opening of Medical, Ayurvedic, Dental, Homeopathic colleges, etc. The Government had issued 42³⁵ ECs upto

³³ 2009-10: 4 x ₹ 25,000 + 2011-16: 48 x ₹ 2,00,000 = ₹ 97 lakh. Fee received (2015) in one case.

³⁴ Withdrawn: ₹ 9.10 lakh; Draft rejected: ₹ one lakh and balance in pass books: ₹ 47.73 lakh

³⁵ Medical College: 7, Dental College: 13, Physiotherapy College: 12, Homeopathy College: 1 and Ayurvedic College: 9

March 2015. In the absence of any provision, the Department could not recover processing fee for issue of ECs. The Department may consider fixation of processing fee for issuing ECs in order to generate revenue.

The Director, MER Department stated during the exit conference that proposal for processing fee for the issue of essentiality certificates would be mooted.

Above instances indicate inadequate control of the Departments over the financial transactions, which is fraught with the risk of misappropriation of funds.

2.3.7.2 Irregularities noticed in respect of bank guarantees

(i) As per paragraph 2 (3) of operational guidelines (2007) for opening Nursing Schools/Colleges on Self Financed Basis, the applicant was required to furnish bank guarantee or FDR in original to the MER Department as security renewed from time to time. The State Government further prescribed (August 2008) the amount of bank guarantee at the rate of ₹ 50 lakh for GNM/ANM and ₹ one crore for B.Sc Nursing (Basic and Post Basic)/M.Sc Nursing. In case the institute is not able to run/sustain itself, the BGs/FDRs submitted by the applicants would be forfeited to continue the study of the enrolled students/payment of salary of the staff and other costs of running the institutes.

It was noticed that No Objection Certificates (NOCs) were issued between December 2012 and June 2013 to Dashmesh Educational Charitable Trust for setting up of Dashmesh College of Nursing in Village Budhera, District Gurgaon with sanctioned intake of 290³⁶ students. As per the guidelines, total bank guarantee of ₹ three³⁷ crore was required. However, NOCs were issued after taking bank guarantee of ₹ one crore only in respect of Post Basic B.Sc/B.Sc in January 2012 and no BG was obtained in respect of additional courses. Thus, BG worth ₹ two crore was short obtained (December 2015). Further, the amount of BG was fixed (August 2011) for the basic unit of 40 students in respect of GNM/ANM and 50 students of B.Sc Nursing (Basic and Post Basic)/M.Sc in June 2012. It was observed that no provision was made to increase the amount of BG with the increase of number of seats for different courses. Thus, due to inadequate amount of the BGs, the department would not be able to provide financial security at the time of failure of the management to run the institutes.

The Director, MER Department stated during the exit conference that additional amounts of BGs/FDRs were not being obtained for increase in intake capacity of students and the amount was taken as per policy. The reply was not convincing as additional BGs were required for different courses. Further, as the object of BGs was to provide a financial security in the event of the failure of management to run the institute and responsibility falling on the Department, it was necessary to obtain BGs to protect the interest of students.

³⁶ GNM: 100, ANM: 40, Post Basic B.Sc. /B. Sc: 100; M. Sc: 50

³⁷ GNM: ₹ 50 lakh, ANM: ₹ 50 lakh, Post Basic B.Sc./B.Sc: ₹ one crore and M.Sc.: ₹ one crore

(ii) MER Department obtained BGs/FDRs of the same amount for different courses/ intakes in respect of nursing schools/colleges and medical colleges. It was observed that there was no mechanism to assess the requirement of funds to meet the expenses to run the different type of institutes/courses/intakes in the event of the management fails to run the institute and the responsibility falls on the Government to run the institute. BGs of ₹ five crore was obtained from two MBBS institutions with 150 seats capacity, whereas BGs of ₹ 10 crore was obtained in respect of two other MBBS institutions with 150 and 100 seats capacity. Further, additional BG/FDR was not obtained from three institutions for increasing the intake capacity of the students from 50 to 60, 60 to 100 and 50 to 100. This reflects that no set norms were being applied in fixation of amount of BG/FDR and no norms were prescribed to obtain additional BGs/FDRs for increase in the intake capacity of students.

The Director, MER Department while accepting during the exit conference that fixation of amount of BG/FDR was not on actual requirement or assessment basis, stated that a proper policy would be framed in this regard.

(iii) As per clause 1 of the guidelines of HE Department issued in 2008, for opening a new degree college (Self financed) a bank guarantee amounting to ₹ one crore is required to be obtained from the sponsoring body of the college. Scrutiny of records made available by the department showed that three³⁸ colleges were given (November 2014) NOCs for starting the degree colleges without obtaining the bank guarantees. Thus, the NOCs were issued by the Department in violation of guidelines.

The Departmental officers stated during the exit conference that BGs have been received in respect of two³⁹ cases and efforts are being made to obtain BG in remaining one case also. The ACS viewed the matter seriously and asked the Director, HE to investigate all such cases and to fix responsibility for such a serious lapse. On further verification (January 2016) of two cases where BG was stated to have been received, it was observed that BG in respect of Karnal Degree College, Kunjpura (Karnal) was not in the custody of the Department. The Director, HE Department intimated (January 2016) that the BGs in respect of nine more cases were not obtained, while BGs in respect of two cases were not traceable in their records. Further, BGs in 27 cases amounting to ₹ 26.50 crore were not got renewed upto December 2015 though these were due for renewal between March 2010 and November 2015.

2.3.7.3 *Undue favour*

As per provisions of Section 4 (1) of the Haryana Private Universities Act-2006 and Rules thereunder, an application containing the proposal and the project report with proof of land to establish a university in private sector shall be made

³⁸ (i) CR DAV Girls College, Ellenabad (Sirsa), (ii) Gaurav Degree College, Azam Nagar (Narnaul) and (iii) Karnal Degree College, Kunjpura (Karnal)

³⁹ (i) CR DAV Girls College, Ellenabad (Sirsa), and (ii) Karnal Degree College, Kunjpura (Karnal)

by the sponsoring body to the Government, along with non-refundable fee of ₹ 10 lakh.

An application for setting up a PU (Self financed) at Palwal (Faridabad) was received (16 June 2009) from NIILM Education Trust, Faridabad alongwith processing fee of ₹ 10 lakh. The sponsoring body changed the location from Palwal to Kaithal during presentation of the case on 4 January 2010 before the academic experts committee constituted by the State Government under the Chairmanship of the Vice Chancellor of Kurukshetra University Kurukshetra. The committee did not find (8 January 2010) the proposal in order as the trust failed to furnish the details of land available in Kaithal as also to present the Five-Year Development Plan. It was further observed that no land was available with the sponsoring body in district Kaithal on the date of inspection (8 January 2010) as the land was purchased only on 19 January 2010. Thus, the case was liable to be rejected with forfeiture of processing fee. The sponsoring body submitted (23 January 2010) information about purchase of 21 acres 1 kanal and 8 marla land in Village Mauja (District Kaithal). Thereafter, a committee under the Chairmanship of Chief Secretary, Haryana considered the case on 12 July 2010 and recommended the issuance of letter of intent (LOI) for setting up the university subject to certain conditions and accordingly LOI was issued (September 2010). Thereafter, the matter remained under correspondence for compliance of conditions of LOI and finally approval was granted (August 2011). As the proposal was not in order, the sponsoring body should have been asked to submit a fresh proposal alongwith processing fee of ₹ 10 lakh instead of considering the earlier proposal. This had resulted in loss of ₹ 10 lakh to the State exchequer.

The ACS, HE Department stated (December 2015) that Section 4 (2) (e) of the Act stipulates that "the availability of land and details of buildings and infrastructure facilities, if already existing" which means that the proposal can be considered in both the situations viz. the sponsoring body has land, etc. or not. The reply does not stand to logic as it was the primary condition to provide proof of availability of land with the sponsoring body for establishing a Private University. The words "if already existing" referred here pertain to building and infrastructure not to land. Since the land was not available with the applicant at the time of inspection (8 January 2010), the application was liable to be rejected. By not rejecting the case, the department had extended undue favour to the applicant.

2.3.8. Implementation of rules, regulations, etc. and availability of infrastructure and faculty

2.3.8.1 Recognition on fake documents

Paragraph 5 of notification dated 31 August 2009 regarding amendment for NCTE (Recognition, Norms And Procedure) Regulations 2007 provides that the sponsoring body is required to submit online proposal to Regional Office of

NCTE with complete details of land, building plan, infrastructure, classrooms, laboratories, library, etc. Thereafter, site inspection is conducted by the Regional Committee of NCTE for opening of a new B.Ed. college. The videography of inspection conducted is required to be done. The State Government and concerned universities are also required to submit their recommendations/comments to the NCTE within a stipulated period. Audit observed that the PCs got recognition in violation of rules and regulations as discussed below:

(a) Northern Regional Committee of NCTE granted (February 2014) recognition to open Nehru College of Education (a B.Ed. college) in village Alikan (Sirsa) with an intake of 100 seats. The provisional affiliation was granted (17 September 2014) after conducting inspection (16 September 2014) by Chaudhary Devi Lal University (CDLU). Perusal of the records of building plan, website of institute and site inspection (21 April 2015) alongwith representatives of university showed that the Society was already running an ITI and a primary school in the campus (building) on which the institution managed to get recognition/affiliation for a B.Ed. College by concealing the facts.

Thus, the inspection committee members of the regulatory body as well as of affiliating university had not conducted the inspection of the site properly. Had these committees conducted proper inspection, granting of the recognition/affiliation of B.Ed college based on incorrect information could have been avoided.

On being pointed out, the CDLU had constituted (May 2015) a committee to enquire into the matter.

(b) As per NCTE (Recognition, Norms and Procedure) Regulations 2009, built up area of 1,500 sq. mtrs. (16146 sq. feet) is mandatory for running a B.Ed. course and total built-up area of 25,000 sq.ft. with effect from 10 January 2014 for opening a new degree college as per HE guidelines.

The NCTE granted (December 2010) recognition to C.R.D.A.V. Girls College of Education (an B.Ed college), Ellenabad, Sirsa with intake of 100 seats. The Kurukshetra University also granted (December 2010) provisional affiliation from academic session 2010-11. The jurisdiction of affiliation of the college was transferred to CDLU with effect from the session 2011-12.

Subsequently, the society managed to get Provisional NOC for a Degree college from DGHE (November, 2014) by submitting the building plan of existing B.Ed. College in such a way that a portion of the building was shown for B.Ed. College and the remaining for Degree college. The Provisional NOC (LOI) for Degree college was valid for two years for development of the requisite infrastructure and other facilities. Scrutiny of the plan submitted by the society further showed that covered area for B.Ed. College was 10,882.50 sq.ft. against the requirement of 16,146 sq.ft. and 12,223 sq.ft. for Degree College against the requirement of 25,000 sq.ft. The CDLU, however, granted provisional affiliation (16 July 2015) in respect of Degree College also from the session 2015-16 in July 2015 whereas extension of provisional affiliation in respect of B.Ed. College for the session 2015-16 was under process as of September 2015.

Thus, extension/grant of affiliation to both the colleges by CDLU for inadequate building/infrastructure was in violation of the guidelines defeating the very purpose of quality education.

(c) As per instructions (20 August 2009) of the Health and Medical Education Department, for opening more than one Nursing Schools/Colleges within the same campus, 4 Acre of land was required. Similarly, as per appendix 2 of notification dated 31 August 2009 (NCTE regulations), 2,500 sq.metre (5 kanal) of land was required for opening a B.Ed college.

Joint site inspection by audit alongwith the representatives of CDLU of an Institute in Ellenabad (Sirsa) in April 2015 disclosed that a B.Ed. College along with Nursing School and College was running in the same building with total availability of land of 4 acre 0.60 kanal which was sufficient only for running of the Nursing School and College. Total land requirement for these institutions was 4 Acre 5 Kanal (Nursing school: 4 Acre and B.Ed college: 5 Kanal). Thus, these institutions were not fulfilling the norms of land requirement.

On being pointed out, the CDLU issued (May 2015) show cause notice to the institute for clarification and removal of deficiencies. Further, developments were awaited (December 2015).

The ACS, HE Department agreed during the exit conference to streamline the system of inspections by devising the proper checklists and rationalization and equitable distribution of colleges amongst the State affiliating universities.

2.3.8.2 Deficiencies noticed during physical verification

Physical verification of Manav Institute of Pharmacy, Manav Institute of Technology and Management and Manav institute of Education (B.Ed. College) located at village Jevra (Hisar) (recognized and affiliated between August 2007 and September 2008) by Audit alongwith representative of affiliating university on 1 May 2015 showed lack of furnished class rooms, laboratories, library and facilities of drinking water, sanitation in these institutions. On the day of visit, there were no classes and faculty in the institute for B.Ed students. The management stated (May 2015) that they had gone for teaching practice for which no proof such as programme of teaching practice was shown to audit. Audit noticed that in spite of the deficiencies, provisional affiliation to these institutions continued during 2010-15 except in case of institute of Pharmacy where UHS, discontinued the provisional affiliation for the session 2014-15. Thus, affiliation of the institutes with deficiencies continued for seven to eight years thereby compromising the quality of education. In spite of the deficiencies, the AICTE not only extended the recognition for post graduate courses of Pharmacy and Engineering and Technology but also increased the intake for undergraduate courses in March 2013 and April 2013 respectively.

UHS stated (May 2015) that the institute was granted extension in provisional affiliation for the sessions 2009-10, 2010-11, 2012-13 and 2013-14, on submission of assurance and undertakings by the institute to rectify the

deficiencies and the inspection committee did not point out deficiencies in 2011-12. The fact remains that the university allowed provisional affiliation for such a long period despite deficiencies.

The ACS, HE Department agreed during the exit conference to streamline the system of inspections by devising the proper checklists and rationalization and equitable distribution of colleges amongst the State affiliating universities.

2.3.8.3 NOC issued without obtaining permission for change of land use

As per the guidelines of HE Department, for opening a PC, the applicant is required to fulfill the requirements and conditions specified in the Letter of Intent (LOI). The LOI further prescribes that permission for change of land use (CLU) should be obtained from the competent authority (Director, Town and Country Planning Department) if the piece of land is situated in the rural area and does not form part of any urban/controlled area.

During scrutiny of records of HE Department, it was noticed that NOC for opening of K D Degree college, Mohindergarh from the session 2014-15 was issued (November 2014) without obtaining the proper CLU. Instead of obtaining CLU, a letter containing some information regarding location of land and conditions to be fulfilled by the applicant such as adhering to provisions of the controlled area and urban area rules of different departments, permission of PWD (B&R) for obtaining access, etc. from District Town Planner, Narnaul was considered as CLU.

The ACS, HE Department stated during the exit conference that the matter would be investigated and appropriate action would be taken.

2.3.8.4 Web Portal

As per instructions of CDLU (December 2012), it was mandatory for every college to display all the necessary information regarding details of teaching and non-teaching staff with their photographs and all infrastructures on its web site with link on University's/ Council's website, which must be updated by 10th of every month. Further, in case of PUs, Section 34 C (1) (k) of the Haryana Private Universities Act 2006 provides that the university shall publish information regarding fee, number of seats, conditions of eligibility of students, process of admission and selection of students, details of teaching faculty, infrastructure, broad outlines of the syllabus, etc. on its website before expiry of sixty days prior to the date of commencement of admissions. It was, however, noticed that out of 11 institutes physically verified (April 2015), Nehru College of Education, Alika (Sirsa) had not developed its website. Further, PCs and PUs were not updating their web sites regularly.

The ACS, HE Department stated during the exit conference that a separate branch viz. Private University Regulatory Branch would be established at the Directorate level to monitor compliance of statutory provisions by the PUs. It was also stated that directions would be issued to affiliating universities to ensure compliance of these provisions in PCs.

2.3.8.5 Implementation of reservation/fee concession policy

The Haryana Private Universities Act-2006 and the rules framed thereunder provide for reservation and fee concessions for students of the State of Haryana as per Government policy in PUs.

It was noticed that the HE Department had prescribed annual returns to ensure that these provisions were complied with by the PUs but these returns were not being submitted by the PUs regularly. As against requirement of submission of 16 annual returns by five selected PUs, only five returns were submitted as of March 2015. Further, the returns were not filled in proper manner as detail of fee concession given to students was not filled in by NIILM University in their return 2011-12 and 2012-13. The PUs had also not uploaded this information on their websites. As such, compliance of these provisions could not be verified by Audit.

The ACS, HE Department stated during the exit conference that a separate branch viz. Private University Regulatory Branch would be established at the Directorate level to monitor compliance of statutory provisions by the PUs.

2.3.8.6 Infrastructure

Perusal of records of HE, MER and TE Departments and affiliating universities as well as joint physical verification (April 2015) alongwith representative of affiliating universities in 11 PCs by audit showed the following deficiencies:

- Barrier free built environment for disabled and elderly persons including availability of specially designed toilets for ladies and gents separately did not exist in any of the PCs. Ramp was provided only in two⁴⁰ institutes;
- In Lord Shiva Group of Institutions, Sirsa, hostel accommodation did not have proper infrastructure, sanitation facilities, mess facilities and other amenities. In Om Group of Institutions, Hisar, ground floor of girl's hostel was being used as residence of staff and there was no boundary wall for the hostel;
- Proper sanitation did not exist in five⁴¹ PCs; and
- Laboratories were not fully equipped in four⁴² institutes while libraries were not fully equipped in five⁴³ institutes.

⁴⁰ (i) Om Group of Institutions, Hisar and (ii) Manav Group of Institutions, Jevra (Hisar)

⁴¹ (i) R.R College of Education, Ellenabad (Sirsa), (ii) Apex College of Education, Ellenabad (Sirsa), (iii) Om Group of Institutions, Hisar, (iv) Lord Shiva Group of Institutions, Sirsa and (v) Manav Group of Institutions, Jevra (Hisar)

⁴² (i) Nehru College of Education, Alika (Hisar), (ii) Chaudhary Chhotu Ram Jat College of Education, Ellenabad (Sirsa), (iii) CR DAV Girls College of Education, Ellenabad (Sirsa) and (iv) Manav Group of Institutions, Jevra (Hisar)

⁴³ (i) Nehru College of Education, Alika (Hisar), (ii) Chaudhary Chhotu Ram Jat College of Education, Ellenabad (Sirsa), (iii) CR DAV Girls College of Education, Ellenabad (Sirsa), (iv) Manav Group of Institutions, Jevra (Hisar) and (v) CSL Institute of Advanced Studies, Sirsa

During the exit conference, the ACS, HE Department assured that the system of doing physical verification of PCs/PUs would be put in place to improve the quality of education.

2.3.8.7 *Appointment of less qualified faculty*

UGC Regulations (Paragraph 4.4.5) has prescribed the qualification of Professor, Associate Professor and Assistant Professor/Lecturer as under:

- Professor/Dean/Associate Professor: Ph.D. with first class at the Bachelor's or Master's Degree in appropriate branch and experience of 10 or more years (Professor/Dean)/eight or more year (Associate Professor) in teaching, research and industry out of which at least 5 years at the level of Assistant Professor or equivalent grade, or if the candidate is from industry or profession, it was essential to be a first class Master's Degree in the appropriate Branch and significant professional work which can be recognized as equivalent to a Ph.D Degree in appropriate branch.
- Assistant Professor/Lecturer: First class Master's Degree in appropriate branch.

Perusal of information relating to four⁴⁴ out of five selected PUs collected (July 2015) from UGC records and annual reports submitted to HE Department showed that four PUs had appointed 51 faculty members (Professors: 8, Associate Professors: 10 and Assistant Professors: 33) with qualifications upto Graduate level or even less and that too without required experience affecting the quality of education. Further, no Professor/Associate Professor was appointed in a PU located at Kaithal as against the faculty requirement and cadre ratio norms of AICTE of at least one Professor and two Associate Professors in each Department for technical courses. Updated information about the qualification of faculty was neither maintained by UGC nor HE Department (December 2015). Further, the reports of the concerned universities showing the information was not submitted to the HE Department, in the absence of which audit could not verify the present status of the qualification of the faculty posted in the PUs.

The ACS, HE Department stated during the exit conference that the data of PUs in this regard would be collected; examined and appropriate action would be taken against the defaulting PUs and in respect of PCs, directions would be issued to affiliating universities to look into the matter and take remedial action.

2.3.9. Internal control mechanism

Internal control provides reasonable assurance to the Management about the compliance of applicable rules and regulations. The internal control system was inadequate as there was lack of control over opening of private institutions

⁴⁴ (i) Ansal University, Gurgaon (Report of 2012-13), (ii) NIILM University, Kaithal (Reports of 2011-12 and 2012-13), (iii) MVN University, Palwal (Report of 2012-13) and (iv) ITM University, Gurgaon (Report of 2009-10)

regarding recognition, affiliation, inspection, financial and administrative control, obtaining of bank guarantee, etc. as discussed in forgoing paragraphs. Apart from these, the following system failures in redressal of complaints, poor oversight over private colleges and private universities were observed:

2.3.9.1 Redressal of complaints

Response to complaints and their proper disposal by the administrative departments/organizations helps not only in better control over the functioning upto the root level but also brings transparency, accountability and effectiveness. No records relating to complaints were made available by any of the departments/universities. However, details of 44 complaints were provided {UHS: 6, HE (University Branch): 6 and TE: 32}.

Perusal of information received showed that complaint redressal process in the departments was very poor as redressal of complaints was concluded to a logical end only in five cases (HE-1 and TE 4) upto March 2015. However, UHS had concluded all the complaints to a logical end.

The ACSs assured during the exit conference that adequate mechanism would be evolved to streamline the system of redressal of complaints.

2.3.9.2 Other issues

(i) The Haryana Private Universities Act-2006 and the rules framed thereunder provide for an effective control over the PUs. The PUs are required to furnish to HE Department the following documents/returns.

- (a) Annual reports containing steps taken by them towards fulfillment of objects along with annual accounts, balance sheets and audit reports.
- (b) Disclose compulsorily the information relating to details of fee and charges payable by students, number of sanctioned seats in respect of each course/programme, process of admission of students, details of teaching faculty including their educational qualifications and experience, details of physical and academic infrastructure and other facilities accessible by students and all other relevant information on university's website and in the prospectus published, with a copy to the Government.
- (c) Annual academic and administrative audit through HE or any other body or persons authorised by it.

It was, however, observed that the above provisions were not being complied with by PUs. As such, HE Department was not exercising proper control over these issues despite existing mechanism for the same.

The ACS, HE Department stated during the exit conference that the compliance would be monitored by the proposed Private University Regulatory Branch and for academic and administrative audit of PUs, it was stated that this activity would be outsourced after selecting proper agency.

(ii) There was no provision for conducting of audit and inspection of PCs by the Department in the guidelines. On being pointed out, ACS, MER Department stated (December 2015) that department is proposing to carry out inspections of all the institutes under the department.

2.3.10. Conclusion

The rules and regulations for setting up of private colleges were not robust. The recognition were given without obtaining the comments of State Government/affiliating universities; universities were granting affiliation to the colleges having inadequate infrastructure, faculty, etc.; there was no provision for regular inspection by universities. There was no provision for charging processing fee for setting up of private colleges during 2008-14 which resulted in loss of revenue to the Government. The HE and MER Departments had not maintained proper records of Government receipts. No objection certificates were issued by MER Department without obtaining bank guarantee of the requisite amount. Similarly, no objection certificates were issued in some cases without obtaining bank guarantees by HE Department. The private colleges were running with inadequate infrastructure. Four out of five private universities test-checked had appointed less qualified faculty members. The internal control systems were weak.

2.3.11. Recommendations

The Government/affiliating universities may consider:

- ensuring the submission of comments to the AICTE/NCTE within the prescribed period so that only the institutions with adequate infrastructure and faculty get recognition;
- re-look at the system of affiliation of the institutes by the universities to ensure adequate teaching faculty, class rooms, laboratory, etc.;
- making provision for regular inspection of PCs by universities/concerned departments;
- maintenance of proper records of receipts by HE and MER Departments;
- ensuring the receipt of bank guarantees of appropriate amount before issuing NOCs; and
- evolving proper system for complaints redressal, submission of returns and compulsory disclosures by PUs/PCs.