

## CHAPTER 3

### COMPLIANCE AUDIT

#### Environment Department (Haryana State Pollution Control Board)

#### 3.1 *Environment Clearance and Post Clearance Monitoring*

**There were instances of projects operating without the mandatory Consent to Establish and Consent to Operate from the Board, project authorities not complying with the conditions which include conducting tests of ambient air, ambient noise and ground water and lack of monitoring and enforcement of environmental stipulations that undermined the objective of environmental controls.**

##### 3.1.1 *Introduction*

The objective of Environment Impact Assessment is to foresee and address potential environment problems and concerns at the stage of project planning and design. In January 1994, the Ministry of Environment, Forest and Climate Change (MoEF&CC) made Environmental Clearance (EC) mandatory for certain development projects. Further, through Environment Impact Notification (September 2006), MOEF&CC made EC mandatory for eight sectors<sup>1</sup> comprising 39 different activities falling under category 'A' and 'B'. The Union Ministry and the State Level Environment Impact Assessment Authority (SEIAA) issue ECs for category 'A' and 'B' projects.

The Haryana State Pollution Control Board (HSPCB) is a statutory authority entrusted with the duty of implementing environmental laws and rules within the jurisdiction of the State of Haryana. Further, technical EIA guidance Manual of MoEF&CC for different projects provides that State Pollution Control Boards shall incorporate EIA clearance conditions into consent conditions in respect of Category A and B projects and in parallel shall monitor and enforce the same.

An audit was conducted of the functioning of the HSPCB and the implementation of the statutory provisions relating to control of environmental pollution. A total of 26 out of 1,009 projects (17 out of 773 category A projects and 9 out of 236 category B projects) which were granted EC by MoEF&CC/ SEIAA during 2008-12 were selected for test-check by Random Sampling method. Audit also physically checked sites of 26 projects during November 2015 to August 2016 along with the officers/officials of the HSPCB to verify the compliance of the conditions of EC<sup>2</sup> and commitments made in the EIA report.

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<sup>1</sup> (i) Mining extraction of natural resources and power generation; (ii) Primary Processing; (iii) Material production; (iv) Material processing; (v) Manufacturing/Fabrication (vi) Service Sectors; (vii) Physical Infrastructure; and (viii) Building/Construction projects.

<sup>2</sup> Prior Environment clearance is required to be obtained by certain project proponents in compliance to Environment Impact Assessment Notification, January 1994 of GOI.

### **3.1.2 Operations without Consent to Establish and Consent to Operate**

Consent to Establish (CTE) and Consent to Operate (CTO) are required to be obtained from the State Pollution Control Board under Section 25 of the Water (Prevention and Control of Pollution) Act 1974 and Section 21 of the Air (Prevention and control of Pollution) Act 1981.

Scrutiny of records of Regional Offices of HSPCB/Project Authorities (PAs) and physical verification of 26 selected projects revealed that six projects were operating without obtaining prior valid CTE/CTO from the HSPCB. Further scrutiny of the records of Regional Office of HSPCB, Bahadurgarh revealed that out of these six projects, a lead processing project at Rohtak had been sealed by HSPCB in January 2008. However, during physical verification in January 2016, it was noticed that the project was operating without CTE/CTO after breaking the seal. On being pointed out by audit, Regional Office Bahadurgarh issued (January 2016) a show cause notice for prosecution.

Similarly, a project in Jind was ordered to be closed down by HSPCB in January 2009 due to non-obtaining of valid CTE/CTO. However, during physical verification in August 2016, it was noticed that the project was operating in another name without obtaining CTO/CTE.

The HSPCB had neither conducted any survey nor evolved any monitoring mechanism to ensure that PAs were not operating without obtaining CTE/CTO/EC.

The HSPCB stated (November 2016) that show cause notices/ action for prosecution had been initiated against five defaulting projects.

### **3.1.3 Lack of verification of EC compliance**

As per paragraph 2 of EIA Notification, 2006, prior environment clearances are mandatory for certain projects as specified in the schedule to the notification. Further, technical EIA Guidance Manual of MoEF&CC for different projects provides that State Pollution Control Boards shall incorporate EIA clearance conditions into consent conditions in respect of Category A and B projects and in parallel shall monitor and enforce the same.

Scrutiny of records showed that there was no formal institutionalized system in HSPCB to periodically oversee the compliance of EC conditions in a time bound manner.

The Department stated (October 2016) that proposal for establishing a monitoring mechanism was under process.

### **3.1.4 Non-compliance of conditions of EC/EIA conditions**

#### **(a) Non-compliance of conditions of pollution control**

As per paragraph 2 of EIA notification dated 14 September 2006, prior environment clearance (EC) is mandatory for certain projects. While conveying

EC, certain stipulations were made in ECs and EIAs to control pollution and adverse impact of projects on the environment. Scrutiny of records and physical verification of sites revealed that these conditions were not being fulfilled by the project authorities as given in **Table 3.1** below.

**Table 3.1 Details showing non-compliance of conditions of pollution control**

| Sr. No.      | Conditions of EC/EIA mentioned in individual projects   | Audit observations   |
|--------------|---|--|
| <b>(i)</b>   | <b>Violation in handling hazardous waste material</b>   |  |
|              | Project Authorities were required to obtain authorisation for collection, storage and disposal of hazardous waste under Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008.  | Ten projects were generating hazardous waste from DG sets. However, the PAs had not obtained authorisation for disposal of hazardous waste from HSPCB, in the absence of which Audit could not ensure whether hazardous waste was disposed off in proper manner to prevent environment pollution.  |
| <b>(ii)</b>  | <b>Shortfall in development of green belts</b>  |  |
|              | Green belts of adequate width and density were to be developed around the project/plant periphery covering the area ranging between 15 and 33 <i>per cent</i> of the project area, preferably with local species.   | Six projects had not developed green belts in the project areas though the areas were identified. While another project though had developed a green belt, the same was not developed (August 2016) around the ash pond as per commitment made in the EIA report. As such, pollution could not be prevented due to absence of green belts. |
| <b>(iii)</b> | <b>Non-installation of ETPs/STPs</b>  |  |
|              | ETPs/STPs/Septic tank/ Soak pits were required to be provided for treatment of sewage/effluent in the project areas. Out of 26 selected projects, ETPs/STPs/ septic tank/ soak pits were required to be installed by 17 projects.   | Physical verification of sites of these projects revealed that ETPs/STPs/ septic tank/ soak pits were not installed by four PAs. In the absence of these measures, water pollution could not be controlled in project areas.   |
| <b>(iv)</b>  | <b>Non-construction of rain water harvesting structures</b>   |  |
|              | Rain water harvesting (RWH) for roof run-off and surface run-off, as per plan submitted were to be constructed. Before recharging the surface run off, pre-treatment through sedimentation tanks must be done to remove suspended matter, oil and grease. Out of 26 selected projects, the condition was applicable to 23 projects. | Six projects had not made proper arrangement for RWH system. Further, in another case, the RWH pits were constructed but oil and grease trap system was not constructed. Non-adoption of these measures carries the risk of water pollution.   |
| <b>(v)</b>   | <b>Handling of explosive material</b>   |  |
|              | Diesel required for operating DG sets shall be stored in underground tanks and if required, clearance from Chief Controller of Explosives shall be taken. The condition was applicable in respect of 11 projects.   | Eight projects had not taken the clearance for the handling of explosive material from the authorities concerned, in the absence of which Audit could not ensure whether explosive material was being stored properly.   |
| <b>(vi)</b>  | <b>Use of ground water without permission</b>   |  |
|              | It was mandatory to obtain 'No Objection  | Four PAs had not obtained permission from  |

| Sr. No.       | Conditions of EC/EIA mentioned in individual projects  | Audit observations  |
|---------------|--|---|
|               | Certificate' from the Central Ground Water Board (CGWB) to draw ground water in respect of 12 out of 26 test-checked projects.   | CGWB, in the absence of which Audit could not ensure whether ground water was being drawn as per norms.   |
| <b>(vii)</b>  | <b>Shortfall in implementation of Emergency Preparedness Plans (EPP)</b>   |   |
|               | PAs were required to prepare and implement an Emergency Preparedness Plan (EPP) after assessing the risks of the project site including fire extinguishers, protective clothing and personal protective equipment.   | Municipal Corporation, Rohtak had not installed firefighting equipment and personal protective equipment was not provided for emergency to its employees. Further, Haryana Power Generation Corporation Limited had provided only two jeeps against the requirement of 4 jeeps for fire fighting. As such, these projects were not covering the risk of project sites in emergency.   |
| <b>(viii)</b> | <b>Non-use of top soil</b>   |   |
|               | Two projects located at Rewari and Dharuhera were required to store the top soil at earmarked sites for utilizing the same for land reclamation and plantation.  | Top soil was lying unutilized and proper site for its storage was not earmarked at the project located at Rewari. Similarly, a PA in Dharuhera has dumped the soil excavated during construction activities in the adjacent plot. These violations cause environment pollution.   |
| <b>(ix)</b>   | <b>Change in the scope of work after obtaining the EC</b>  |   |
|               | As per EC conditions, in case of any change(s) in the scope of the project, the project would require a fresh appraisal by MoEF&CC,GOI.  | A builder had constructed club house and ground floor instead of stilt which was not provided for in the project. But the PA had neither taken any permission nor had applied for fresh appraisal to MoEF&CC for obtaining revised EC.  |
| <b>(x)</b>    | <b>Non utilization of fly ash generated in case of 'Thermal Power Project'</b>   |   |
|               | Fly ash should be collected in dry form and storage facility should be provided. Further, as per notification of GOI (November 2009) at least 50 per cent of fly ash generated should be utilized within one year, 70 per cent within two years, 90 per cent within three years and 100 per cent within four years from the date of commissioning of projects. | A project was commissioned in 2012-13 but the utilization of fly ash was not as per norms; the shortfall ranged between 11 and 22 per cent during the third and fourth years i.e. from 2014-15 to 2015-16. The PA stated (May 2016) that they would meet Public Works Department officials and request them to take fly ash free of cost for road works. The fact remains that the fly ash was not disposed off which causes pollution. |

In view of the above non-compliance of EC and EIA conditions, audit could not ensure how pollution and its adverse impact on the environment was being controlled after issuing EC.

**(b) Non-compliance of environment impact monitoring aspects**

The ECs and EIAs of individual projects had provisions to monitor the adverse impact of projects on environment in the form of returns, advertisement and public awareness. Scrutiny of records and physical verification of project sites during November 2015 to August 2016 revealed that these provisions were not

fulfilled by the Project Authorities. As a result, the monitoring of adverse impact on environment was lacking as given in Table 3.2 below.

**Table 3.2: Details showing non- compliance of environment impact monitoring aspects**

| Sr. No.      | Conditions of EC/EIA mentioned in individual projects  | Audit observations  |
|--------------|--|---|
| <b>(i)</b>   | <b>Shortfall in installation of Ambient Air Quality Monitoring Stations</b>  |   |
|              | PAs were required to install adequate numbers of Ambient Air Quality Monitoring Stations (AAQMS).  | Four projects had not installed the AAQMS though the projects were in operation. In the absence of AAQMS, Audit could not ensure whether the ambient air quality in the area was within norms.  |
| <b>(ii)</b>  | <b>Shortfall in conducting various environmental tests</b>   |   |
|              | PAs were required to conduct the tests of noise, air and ground water to monitor various environmental parameters.   | Five, three, three, four and two projects had not conducted tests of air quality, stack emission, ground water, effluent and ambient noise respectively. In the absence of tests, Audit could not ensure whether the environmental parameters were maintained by these projects.  |
| <b>(iii)</b> | <b>Non submission of annual ‘Environmental Audit Report’/ ‘Environmental Statement’</b>  |   |
|              | Environmental Audit Report/Environmental Statement (EAR/ES) in Form V was to be submitted every year by the PAs. This condition was applicable to three out of test-checked projects.  | Out of three, one project had not prepared and submitted the Environment Statement to the authorities concerned.  |
| <b>(iv)</b>  | <b>Monitoring of environmental parameters by private agencies/third parties</b>  |   |
|              | Environmental tests were required to be conducted from laboratories approved by MoEF/ PPCB /National Accreditation Board for Laboratories.   | Four projects had not conducted tests of any of the environmental parameters. The system of surprise check and testing of samples at their own level through their accredited laboratories was also not put in place by HSPCB. In the absence of this, favourable reporting by laboratories if any, could not be ruled out.               |
| <b>(v)</b>   | <b>Non-setting up of separate environment cell with adequate manpower</b>  |   |
|              | A separate Environment Management Cell (EMC) with suitable staff to carry out various environment related functions was to be set-up by PAs.   | Separate environment cell with adequate manpower was not set up by 8 PAs despite making commitments in EIA report or conditions in the EC letters. Thus, monitoring of environment impact by project authorities was lacking.   |
| <b>(vi)</b>  | <b>Non-submission of six monthly compliance reports</b>  |   |
|              | It was mandatory for the PAs to submit half-yearly compliance reports on 1st June and 1st December of each calendar year to State Pollution Control Board, State Environment Impact Assessment Authority (in case of category B projects) and Regional Office of Ministry of Environment, Forest and Climate Change. | Seven projects had not submitted half yearly compliance report to the authorities concerned. Further, in respect of four projects only one report had been submitted by each project during 2011-16 against the requirement of sending 10 reports by each project during this period. As such, the monitoring mechanism was not followed. |

Thus, monitoring of potential adverse impact of projects on environment was insufficient.

### **3.1.5 Environmental parameters for Air, Surface Water, Ground Water and Noise beyond permissible limits**

The HSPCB prescribed environmental parameters relating to air, effluent after treatment, ground water and noise. Test check of revealed that (i) air pollution in respect of two projects located at Jharli (Jhajjar) and Gurugram was on higher side, (ii) hardness of ground water was beyond permissible limits in respect of a project in Shahbad, and (iii) quality of discharge from STP at Gurugram was not within permissible limits. Thus, the pollution norms were not within limits which adversely affected the environment.

HSPCB stated (November 2016) that environmental parameters were being monitored regularly and suitable action was being taken against violators. However, specific action taken against above violators was not intimated.

### **3.1.6 Conclusion**

Thus, there remained considerable scope for improvement in monitoring and enforcing compliance with the conditions stipulated in the Environment Clearances. There were still instances of project authorities not complying with the conditions which include conducting tests of ambient air, ambient noise and ground water.

The matter was referred to the Government in September 2016; its replies were awaited (December 2016).

## **Food and Drug Administration Department**

### **3.2 Implementation of Food Safety and Standards Act, 2006**

**The Department neither conducted a survey to identify food business establishments nor maintained the data-base of food business establishments. The food laboratories were not equipped with modern instruments for testing food samples. Non-compliance with key provisions of the Act poses health hazards as quality of food is not assured.**

#### **3.2.1 Introduction**

In order to regulate the manufacture, storage, distribution, sale of food articles and to ensure availability of safe and wholesome food for human consumption, Government of India (GOI) enacted (August 2006) the Food Safety and Standards (FSS) Act, 2006 and framed (May 2011) Rules and Regulations thereunder effective from 5 August 2011.

In Haryana, the Department of Food and Drug Administration was carved out as an independent Department from the Health Department in January 2011 for implementation of the FSS Act. The Department is headed by the Commissioner and is working under the administrative control of the Additional Chief Secretary

of Health Department. The State has two food testing laboratories at Chandigarh and Karnal. The State Government notified (September 2011) civil surgeons of each district as Designated Officer (DO) to perform the functions of Licensing Authority and all Food Safety Officers (FSOs) as Registering Authorities for food business operators (FBOs).

With a view to assessing the efficiency and effectiveness of the implementation of the Act, audit was conducted by test-checking the records for the period 2011-16 of the Commissioner, Food and Drug Administration, food laboratories located at Chandigarh and Karnal and DOs and FSOs in four<sup>3</sup> out of 21 districts in the State. The selection of districts for test-check was done by the Probability Proportionate to Size Without Replacement method (PPSWOR).

### 3.2.2 *Licensing and registration*

#### 3.2.2.1 *Non-conducting of survey and non-registration of Food Business Operators*

Clause 30 (2) (b) of the Act provides that the Department shall carry out survey of industrial units engaged in the manufacture or processing of food in the State to ascertain compliance by such units of the standards notified by the Food Authority for various articles of food. Further, regulations 2.1.1 and 2.1.2 of the FSS (Licensing and Registration of Food Businesses) Regulation 2011 stipulate that all FBOs with annual turnover of less than ₹ 12 lakh shall register themselves with the Registering Authority. Similarly, FBOs, whose annual turnover is more than ₹ 12 lakh, would obtain a license from Licensing Authority. Thus, every FBO was required either to register itself or get license to carry out food business.

Food Safety and Standard Authority of India (FSSAI) emphasized (July 2012) that licensing and registration of FBOs was the center-piece for the implementation of the Act. It was also estimated that license fees to be collected for mid-size States (population 2.5 to 4 crore) would be in the order of ₹ 50-75 crore a year.

Scrutiny of records revealed that neither any survey was conducted nor any data-base with regard to total number of FBOs in the State was available with the Department. However, 6,784 licenses out of 9,913 applications and 14,413 registrations out of 20,017 applications had been granted up to March 2016 in the State and average annual revenue collection on account of registration and License fee was ₹ 0.85 crore<sup>4</sup> which was only 2 *per cent* of the estimate of FSSAI. In the absence of any survey or data-base, chances of FBOs running businesses without licenses/registrations cannot be ruled out.

<sup>3</sup> Ambala, Faridabad, Gurugram and Sonapat.

<sup>4</sup> ₹ 4.25 crore was collected during 2011-16, average for one year works out to ₹ 0.85 crore.

The Department stated (October 2016) that survey and registration of FBOs could not be done due to acute shortage of FSOs, DOs and infrastructure such as vehicle/jeep and laptop with internet facility.

### **3.2.2.2 Non-issue of licenses**

As per Regulation 2.1.4 of the Food Safety and Standards (Licensing and Registration of Food Businesses), Regulations 2011, license shall be issued by the Licensing Authority concerned within a period of 60 days from the date of issue of an application ID<sup>5</sup> number. Further, Regulation 2.1.6 provides that an applicant may commence his business if license is not issued within 60 days or the applicant has not received any intimation of inadequacy from the concerned Licensing Authority.

Scrutiny of records of four test-check districts revealed that applications for issue of licenses of 451 FBOs of two<sup>6</sup> districts were pending as of May 2016 although their applications were received between January 2014 and March 2016. The Department had neither issued intimation on inadequacies of the applications submitted by the FBOs nor issued licenses within the prescribed period of 60 days. The delay after the prescribed period ranged between one month and 26 months. In the absence of intimation of inadequacy of the application by licensing authorities, the FBOs having inadequacies in submitted application also became eligible to commence their businesses. Thus, chances of conduct of food business by ineligible FBOs cannot be ruled out posing a risk to quality assurance.

The Department stated (October 2016) that non-issue of licenses and few lapses on the part of DOs/FSOs were due to shortage of manpower and infrastructure.

### **3.2.3 Availability of infrastructure**

#### **3.2.3.1 Inadequate infrastructure facilities in the food laboratories**

Sections 20 and 21 of the Act provide that no articles of food shall contain any contaminant, toxins or hormone or heavy metals, insecticides, pesticides, veterinary drugs residues, antibiotic residues, solvent residues, pharmacological active substances and micro-biological counts in excess of such tolerance limit as may be specified by the Regulations. Food laboratories with modern facilities are essential for providing facilities to the traders, distributors and manufacturers of food articles for getting their products tested as well as for enforcement organisations responsible for the implementation of the Act.

Scrutiny of records of Haryana Food Laboratory, Chandigarh and District Food laboratory, Karnal revealed the following:

- (i) There was no facility for conducting residual analysis tests for pesticide

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<sup>5</sup> Identification number is given to FBOs on receipt of complete application.

<sup>6</sup> Gurugram : 406 and Sonapat: 45.

residues, mycotoxins, metallic contamination, antibiotic residue and food additives in the laboratories. These tests were neither being conducted in the Government laboratory nor were got conducted from accredited laboratories. The Public Analyst sent (September 2015) a proposal to the Commissioner of the Department for purchase of major sophisticated instruments worth ₹ 6.99 crore for carrying out these tests but the proposal had not yet materialized (October 2016).

(ii) Equipment like Gas Liquid Chromatography Model Trace GC (Ultra) and Gas Liquid Chromatography Model Trace GC 2010 used for detection of pesticide residues and High Performance Liquid Chromatography used for testing of amino acids, carbohydrates, pesticides and anti-oxidants of foods costing ₹ 43.14 lakh supplied to the laboratory between July 2005 and January 2006 were not in working condition for the last four to seven years at Haryana Food Laboratory Chandigarh. Audit observed that effective efforts were not made (June 2016) to repair these equipment except making reference to firms concerned for repair.

(iii) Microwave Digestive System Mars-S purchased in March 2005 at a cost of ₹ 5.98 lakh<sup>7</sup> was not in use in the Laboratory at Chandigarh because of non-availability of connected instrument. The main purpose of the system was preparation of samples for analysis by atomic absorption, inductively coupled plasma emission spectroscopy, gas or liquid chromatography.

The Department stated (October 2016) that a case for up-gradation of food laboratory has already been sent to Government of India for providing 75 per cent share of estimated cost of up-gradation of the laboratory and the State Government had agreed to provide balance 25 per cent share.

### ***3.2.3.2 Non-availability of infrastructure and equipment with FSOs/DOs for safe storage of food samples***

Section 47 of the Act provides that when FSO takes a sample of food for analysis, he shall send one of the parts for analysis to the Food Analyst and three parts to the Designated Officer for keeping these in safe custody. If the test reports received from Food Analyst are found to be at variance, then DO shall send one part of the sample kept in his custody to referral laboratory for analysis. Food samples which have been found sub-standard, misbranded and unsafe and the decision thereto are pending may be required to be produced in courts or adjudicating authorities in future, need to be stored in safe condition.

Scrutiny of records of test-checked districts revealed that the Department collected 2,868 food samples for analysis between August 2011 and March 2016. Of these, 351 samples were found unsafe/substandard/misbranded including 140 cases pending for adjudication/prosecution for the last 1 to 4 years. Audit noticed that proper infrastructure was not available for safe storage of food samples in the

<sup>7</sup> 13000 dollars at the rate of ₹ 46 per dollar.

Department as samples were lying in the *almirah* in the store room. In the absence of storage facility, the condition of samples may deteriorate and the Department may not be able to process the court cases effectively.

The Department stated (October 2016) that one refrigerator and one AC would be provided in each district for safe storage of samples.

### **3.2.4 Inspection, Sampling and Prosecution**

#### **3.2.4.1 Inspection of registered establishments**

Regulation 2.1.1(6) of the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 provides that the Registering Authority or any officer or agency shall carry out food safety inspection of the registered establishments at least once a year. Rule 2.1.3 (4)(iii)(a) of the FSS Rules, 2011 provides that FSO will inspect, as frequently as may be prescribed by the DO, all food establishments licensed for manufacturing, handling, packing or selling of an article of food within the area assigned to him.

Scrutiny of four test-checked districts revealed that 4,484 licenses and 7,291 registrations were issued to the FBOs for various products handled by them up to March 2016 but no inspections were conducted by the FSOs or any authorized officer/agency after grant of license and registration.

The Department stated (October 2016) that inspection of FBOs could not be conducted due to lack of manpower and infrastructure.

#### **3.2.4.2 Non-achievement of targets for collection of samples**

Section 38 of the Act provides that Food Safety Officers (FSOs) would take samples of any food or substance which appears to him to be intended for sale or to have been sold for human consumption. The Department had fixed the targets for collection of 30 samples per month by FSO of each district for testing.

It was noticed that against the requirement of collecting 34,020<sup>8</sup> samples, only 9,332 samples were collected and tested during August 2011 to March 2016, of which 1,184 samples were found unsafe/sub-standard/misbranded. Thus, the shortfall in collection of samples was 73 *per cent* in the State while the shortfall ranged between 42 *per cent* and 71 *per cent* in the four<sup>9</sup> selected districts during the same period.

The Department attributed (October 2016) the shortfall in collection of samples to shortage of manpower and non-availability of vehicles.

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<sup>8</sup> 30 samples x 54 months x 21 districts: 34,020

<sup>9</sup> Ambala(53 *per cent*), Faridabad(53 *per cent*), Gurgram (42 *per cent*) and Sonapat(71 *per cent*). Targets of each district was 1620.

### **3.2.4.3 Non-adjudication against offenders of sub-standard/misbranded samples**

According to Rules 2.4.2 (5 & 6) and 2.4.6 of FSS Rules, the Food Analyst shall send four copies of the report to the DO concerned who would keep two copies for further action and send one copy to FSO and one copy to FBO from whom the sample was taken. If appeal is preferred by FBO against the findings of the Food Analyst, the DO would refer the case to the referral laboratory. Further, Rule 3.1.1 provides that if no appeal has been preferred by the FBO or the finding of referred laboratory confirm the finding of food analysis, the DO shall examine as to whether the contravention is punishable with imprisonment or with fine only. If DO decides that contravention is punishable with fine only, he shall cause and authorize the FSO to file an application for adjudication with the Adjudication Officer (AO).

Scrutiny of records of four test-checked districts showed that out of 351 failed samples, prosecution was launched against 32 FBOs, 227 FBOs were adjudicated, adjudication was under process against 28 FBOs and no action was taken against 64<sup>10</sup> FBOs. As no appeal was submitted by the FBOs to the DOs in these 64 cases, they were liable to be adjudicated. But the cases were not referred to AOs despite lapse of 12 to 53 months of taking of the samples.

The Department stated (October 2016) that all DOs and FSOs had been directed to file the adjudication application against the offenders within the prescribed time failing which they would be held responsible and administrative action would be taken.

### **3.2.4.4 Delay in adjudication of cases**

Rule 3.1.1 (4) and (9) of FSS Rules 2011 provides that on receipt of the application for adjudication from the FSO, the AO shall commence the inquiry proceedings and shall pass the final order within 90 days from the date of first hearing. Audit observed that 42 cases were pending for final decision as of March 2016 with three<sup>11</sup> AOs even after 90 days from the date of first hearing.

The Department stated (October 2016) that the AOs had been requested to settle the cases within the prescribed period.

### **3.2.5 Availability of manpower**

Rules 2.1.2.1(i) and 2.1.3 of the FSS Rules 2011 provide that the DOs and FSOs would be whole time officers. After passage of more than five years, no regular DOs have yet been posted and the additional charge was given to the Civil Surgeons concerned.

As against 211 sanctioned posts of 26 categories of staff, 107 persons were in position and 104 posts (49 *per cent*) were vacant. Against 22 sanctioned posts of FSOs, 12 were in position, out of which only 8 were working and 4 FSOs were

<sup>10</sup> Ambala: 13, Gurgram : 28 and Sonapat: 23.

<sup>11</sup> Ambala: 5, Gurgram : 33 and Sonapat: 4.

under suspension. Shortage in the key cadre of DOs and FSOs meant to manage the licensing, registration and sampling at the ground level adversely affected the enforcement of various provisions of the Act, Rules and Regulations.

### **3.2.6 Information, Education and Communication activities**

Information, Education & Communication (IEC) and Awareness is the backbone for implementation of the Act. As per decision taken in the 8th meeting of the Central Advisory Committee held in July 2012, Food Safety Commissioner should plough back at least 75 per cent of license and registration fees collected by Department for carrying out IEC activities that should include (i) IEC activity-local language advertisement, jingles in FM (ii) 24X7 food safety helpline, and (iii) webpage preparation for food safety in local language.

Scrutiny of records revealed that the Department collected license and registration fees of ₹ 4.25 crore during 2011-16 and 75 per cent of this amount (₹ 3.19 crore) was to be ploughed back for carrying out IEC activities. But the Food Safety Commissioner had not demanded any funds for IEC activities. Further, no plans were prepared for IEC activities. As such, adequate attention was not paid towards IEC activities and decision of the Central Advisory Committee was not implemented.

### **3.2.7 Conclusion**

Thus, enforcement of the provisions of the Food Safety and Standards Act, 2006 was weak and insufficient. Survey of food business establishments was not carried out and database of food business establishments was not maintained. The food laboratory was not equipped with modern sophisticated instruments for testing food samples according to prescribed standards. Non-compliance with key provisions of the Act endangers the quality of food and poses health hazard to general public.

These points were referred to the Government in July 2016; their reply had not been received (December 2016).

## **Home and Administration of Justice Department**

### **3.3 Non-implementation of project for Upgradation of Police Control Room**

**Failure of the Department to accurately assess the technical requirements for the project and select a competent agency coupled with lack of coordination between the Police Department and HARTRON resulted in the project languishing for over five years despite availability of sufficient funds. Besides, Government funds of ₹ 3.50 crore have been blocked since December 2011 and Department has suffered a loss of interest amounting to ₹ 1.03 crore.**

In order to integrate all the control rooms of Haryana Police, a project<sup>12</sup> “Modernisation and Upgradation of Police Control Room at Police Head Quarter

<sup>12</sup> Upgradation consist of the activities in the field of (1) IP based EOC clients cum operators, (2) Call taking and dispatch server (3) Video well display server (4) Integration services.

(PCR), Panchkula” was approved (June 2011) by State Level Empowered Committee for ₹ 3.50 crore under the Government of India’s Modernization of Police Force scheme.

Scrutiny of records of the office of Director General of Police (DGP), Haryana, Panchkula revealed that a proposal for upgradation of Police Control Room (PCR) at Panchkula was submitted (September 2011) to HARTRON to initiate process for acquisition of equipment. Government of Haryana issued sanction for ₹ 3.50 crore in October 2011 for this project. HARTRON sent (November 2011) draft Request for Proposal (RFP) to the Police Department for concurrence. Thereafter, Police Department deposited ₹ 3.50 crore in December 2011 with HARTRON for the project. However, the RFP was cancelled as the requirements were changed/ modified<sup>13</sup> by Haryana Police. Accordingly, RFP was revised and again sent (October 2012) to DGP by HARTRON which was approved in November 2012. NIT was floated in December 2012 by HARTRON but no final decision was taken.

Finally, HARTRON returned (June 2013) the indent after 21 months to the Police Department to handle the project on its own as it had no domain expertise to handle such a huge turnkey technical project. Police Department requested (August 2013) HARTRON to reconsider its decision and authorized them to take the assistance of professional experts, if required. Accordingly, HARTRON agreed (September 2013) for taking up the project with the condition that it may engage an expert to assist the committee constituted for the purpose of preparing the RFP, bid evaluation and implementation of the project. However, the proposal of hiring expert from market was not approved by the DGP, Haryana who directed that the committee may visit adjoining States to conduct survey so that modern equipment may be purchased. Thereafter, no action was taken and the funds of ₹ 3.50 crore were lying with HARTRON unutilized since December 2011. However, utilisation certificate of funds was submitted (May 2013) by the DGP, Haryana to Government of India though no expenditure had been incurred on the project.

Further, according to the instructions issued by Finance Department (March 2011), HARTRON was required to pay interest at the rate of six *per cent* per annum, on half yearly basis to the Department on unutilized funds and administrative departments were responsible for recovering the interest. But, neither HARTRON paid nor the Department demanded interest due to which, the Department suffered a loss of interest of ₹ 1.03 crore<sup>14</sup>.

On being pointed out, the DGP, Haryana stated ( October 2016) that HARTRON was requested (August 2016) to depute a representative to provide necessary

<sup>13</sup> Changes/modifications mainly pertaining to the processor, RAM, HDD and OS of the server and work station, capture quality of surveillances system.

<sup>14</sup> Simple interest at the rate of six *per cent* per annum of ₹ 3.50 crore from January 2012 to November 2016.

technical inputs and consultancy to help the Police Department in preparing comprehensive project report for upgradation of Haryana Police Control Room. The matter remains yet to be finalized (November 2016).

Audit observed that persisting with HARTRON when it had expressed its inability to handle the project on its own and proposal for engagement of professional experts had been refused by the Department lacked rationale. Thus, failure of the Department to accurately assess the technical requirements and select a competent agency coupled with lack of coordination between the Police Department and HARTRON resulted in the project languishing for over five years despite availability of sufficient funds. Besides, Government funds of ₹ 3.50 crore have been blocked since December 2011 and Department has suffered a loss of interest amounting to ₹ 1.03 crore.

The matter was referred to the Government in June 2016 and reminder was issued in August 2016. Reply is awaited (December 2016).

### **Home and Administration of Justice, Revenue and Disaster Management Departments**

#### ***3.4 Avoidable payment of interest due to delay in deposit of enhanced land compensation***

**Delays on the part of Land Acquisition Collector and Police Department in processing and pursuing the case for enhanced compensation resulted in avoidable payment of ₹ 4.81 crore as interest.**

For acquisition of land for public purpose, the State Government is required to issue a preliminary notification under Section 4 of the Land Acquisition Act, 1894, (the Act) declaring its intention to acquire the land. Further, section 28 of the Act stipulates that the Land Acquisition Collector may pay interest on enhanced compensation at the rate of 9 *per cent* for the first year and 15 *per cent* per annum for the subsequent years from the date on which the Collector had taken possession of the land to the date of payment.

Scrutiny of records of the Director General of Police (DGP), Haryana, Panchkula, showed that a notification was issued under section 4 of the Act in April 1999 for acquisition of land to establish a Police line and family quarters for Police staff at Yamunanagar. The Land Acquisition Collector (LAC) cum Sub-Divisional Officer (Civil) Jagadhri, awarded (April 2002) ₹ six lakh per acre as compensation for land which was enhanced (February 2005) to ₹ 12.07 lakh per acre by the Additional District Judge (ADJ), Jagadhari. Aggrieved by the decision of ADJ Jagadhari, 21 Regular First Appeals (RFAs) were filed (11 RFAs by the State and 10 RFAs by the landowners) in the Punjab and Haryana High Court.

The High Court dismissed all the appeals of the State and enhanced (04 October 2012) the compensation to ₹ 1,560 per sq. mtr. (₹ 63.13 lakh<sup>15</sup> per acre).

In compliance of the above decision, Superintendent of Police (SP), Yamunanagar requested (January 2013) LAC, Jagadhri, to intimate the details of enhanced compensation. The LAC, Jagadhri requested (February 2013) SP, Yamunanagar to deposit ₹ 58.86 crore as enhanced compensation (including interest up to 21 April 2013) pertaining to five RFAs<sup>16</sup> so that payment could be deposited in the ADJ Court, Jagadhri. Subsequently, the Home Department accorded sanction for ₹ 58.86 crore for making payment to the land owners in June 2013. The amount was ultimately deposited in the civil court on 05 October 2013 viz. after more than 12 months from the date of orders of High Court. Payment was made to land owners in October 2013 and the interest was calculated up to April 2013. The landowners demanded interest for the remaining period. Resultantly, interest of ₹ 1.55 crore for the period from 22 April 2013 to October 2013 was also paid to land owners in April 2014. Thus, delay in withdrawal and disbursement of enhanced compensation resulted in avoidable payment of interest of ₹ 2.84 crore for the period from January 2013<sup>17</sup> to October 2013 to the land owners.

On being pointed out the DGP Haryana stated (June 2016) that the sanction from Government was received under head 'Capital outlay' where adequate funds were not available and the case was again submitted to Government to divert the funds from "Major Works" head to "Land" head. The contention of the Department was not tenable as case was submitted (May 2013) to Government without ascertaining sufficient funds under the head capital outlay despite the fact that original budget under the sub head 'Land' was ₹ nine crore. Had the Department initially assessed the availability of funds properly keeping in view the orders of the Honourable High Court, payment of interest could have been avoided.

Similarly, for remaining five RFAs, against the order of High Court of 4 October 2012, the LAC demanded ₹ 35.19 crore (including interest upto 21 November 2013) from SP, Yamunanagar only in November 2013. Home Department accorded (December 2013) sanction amounting to ₹ 35.19 crore and the amount was deposited in the court in December 2013. Payment was made to land owners in December 2013 and the interest was calculated only up to November 2013. The landowners demanded interest for the remaining period. Resultantly, interest of ₹ 0.16 crore for the period from November 2013 to December 2013 was paid to land owners in March 2015. Thus, delay in submission of the claim along with calculation by the LAC after lapse of 13 months from the High Court order (October 2012) due to lack of co-ordination between LAC and SP Yamunanagar resulted in avoidable payment of interest of ₹ 1.97 crore to the landowners.

<sup>15</sup> 4,046.85 x ₹ 1,560 = ₹ 63,13,086.

<sup>16</sup> Swarn Singh & others v/s State of Haryana RFA No. 1955 of 2003.

<sup>17</sup> Extra payment has been calculated after giving a reasonable time of 90 days from the date of court order for processing the cases for payment.

LAO Jagadhari stated (June 2016) that SP Yamunanagar requested (January 2013) their office to calculate the amount of compensations but copy of orders of High Court dated 04 October 2012 was not attached. The fact, however, remains that 13 months were taken in this process by the LAC and SP, Yamunanagar as the matter remained under correspondence between them.

Delay in payment of enhanced compensation on the orders of the Court attracts interest payment and timeliness in processing these cases was a must. Failure to do so reflected a lackadaisical approach on the part of both LAC and Police Department in processing and pursuing the case for payment of enhanced compensation. In respect of the first five cases, the main delay was on the part of the Police Department in withdrawing and disbursing the money while in the remaining five cases, LAC took 10 months to submit the claim. As a result of the delay in payment of enhanced compensation, there was an avoidable payment of interest of ₹ 4.81 crore in the above cases.

The matter was referred to the Government in May 2016. Reply was awaited (December 2016).

### **Industrial Training Department**

#### ***3.5 Upgradation of Government Industrial Training Institutes through Public Private Partnership***

**Industrial Training Department failed to upgrade Industrial Training Institutes. There were cases of poor academic achievement due to shortage of faculty, non operation of trades and lack of skill development. Besides, targets for affiliation were not achieved and pass percentage was poor.**

Government of India (GOI), Ministry of Labour and Employment, launched a centrally sponsored scheme for “Upgradation of Government Industrial Training Institutes (ITIs) through Public Private Partnership (PPP)” in November 2007. Under the scheme, 52 Government ITIs were to be covered in Haryana in five phases from 2007-08 to 2011-12. Each ITI was to be associated with an industry partner. The main objective of the scheme was to improve employment opportunities from the vocational training system by making design and delivery of training more demand oriented. For this purpose, an Institute Development Plan was to be prepared by the State Government for each ITI in such a way that it leads to upgradation of ITI as a whole and defines the long term goals of the institute to meet the needs. For implementation of the scheme at the State level, a State Steering Committee under the Chairmanship of the Additional Chief Secretary was constituted to guide the overall implementation and monitoring of the scheme. An Institute Management Committee was also constituted for each ITI.

Records of the office of the Director General, Industrial Training Department and 13 ITIs<sup>18</sup> out of 52 selected through random sampling using probability proportional to size without replacement method for the period 2007-16 were test checked during December 2015 to March 2016 to ascertain the effectiveness of the department in upgradation of ITIs through PPP.

### 3.5.1 Financial Management

An interest free loan of ₹ 2.50 crore was provided by the GOI to the Institute Management Committee of each ITI for upgradation. Funds of ₹ 130 crore (₹ 2.50 crore to each ITI) were released to 52 ITIs in the State of Haryana during the period 2007-08 to 2011-12 and ₹ 32.50 crore released to 13 test checked ITIs. Loan amount was to be spent over a span of five years and funds were earmarked in the institute development plans of each ITI under seven different components<sup>19</sup> as approved by the National Steering Committee. The loan was to be repaid in 30 years after a moratorium period of 10 years.

#### 3.5.1.1 Mismanagement of funds

Against the available funds of ₹ 48.26 crore<sup>20</sup> in selected 13 ITIs, an expenditure of ₹ 33.64 crore was incurred during 2007-16 and an amount of ₹ 14.62 crore was lying unspent as on 31 March 2016. Two ITIs {Faridabad (W) and Bahadurgarh (W)} have more than ₹ two crore and three ITIs (Sadhaura, Kurukshetra and Kurukshetra(W)) have more than ₹ one crore unspent balance.

As per the guidelines, 20 per cent of loan amount (₹ 50 lakh by each ITI) was to be kept as seed money to make repayment of loan after the moratorium period and purchase of consumable and non consumable items to provide long term sustainability to the project. However, ITI Kaithal has a balance of only ₹ 19 lakh which was less than seed money required (₹ 50 lakh).

The Department stated (July 2016) that funds were not utilized by ITI (W) Faridabad due to non-cooperation of industry partner and cancellation of tender for civil work. He further added that instructions have been issued to ITIs to utilize the funds over and above ₹ one crore lying in their institute. ITI Kaithal has also been directed to maintain seed money amount.

<sup>18</sup> Phase-I (2007-08): (i) Sadhaura, (ii) Kurukshetra, (iii) Kaithal and (iv) Hassangarh, Phase-II (2008-09): (i) Bahadurgarh(Women), (ii) Faridabad (W), (iii) Kaithal (W), (iv) Bhiwani (W) and (v) Nalwa, Phase-IV (2010-11): (i) Nissing, (ii) Sirsa (W) and (iii) Kurukshetra(W), Phase-V (2011-12): (i) Pundri. Random sampling has not picked any ITIs covered under Phase-III (2009-10).

<sup>19</sup> (i) Civil Work, (ii) Tools, M&E, (iii) Furniture and furnishing, (iv) Books and learning resources, (v) Additional man power, (vi) Consumable maintenance and training material and (vii) Miscellaneous expenditure.

<sup>20</sup> Interest free loan: ₹ 32.50 crore, interest earned on deposits: ₹ 13.97 crore and revenue generated by 13 ITIs: ₹ 1.79 crore.

### **3.5.1.2 Excess expenditure**

Four ITIs incurred expenditure of ₹ six crore on machines and equipment against the revised estimate of ₹ five crore during 2008-09 to 2015-16 as per the institute development plan. The Director General directed (July 2016) the concerned ITIs to get the institute development plan of their institutes revised within two months and any other expenditure under any other sub head would also be rationalized in the new institute development plan. Audit observed that repeated modifications of the institute development plan indicates that it has not been prepared with due diligence.

### **3.5.1.3 Non-refund of Income Tax**

The Institute Management Committee of each ITI is required to obtain a separate Permanent Account Number (PAN) as it is an independent entity which may earn income from interest and other sources. If it gets registered under Section 12-A of Income Tax Act, 1961, and utilizes its income as per the provisions of Section 11 of Income Tax Act, then its income would be exempted from income tax. Scrutiny of records of five selected ITIs<sup>21</sup> showed that banks deducted tax at source of ₹ 12.22 lakh on interest accrued during 2009-16. Principals of four ITIs (except ITI, Pundri) intimated (December 2016) that they have not been registered under Section 12-A of Income Tax Act. Had the ITIs been registered under Section 12-A of Income Tax Act, amount of ₹ 12.22 lakh would have been saved.

### **3.5.1.4 Purchases without tendering process**

Director, ITI had issued (January 2010) instructions that store items exceeding value of ₹ one lakh and up to ₹ 25 lakh should be purchased through inviting minimum three tenders so that purchases could be made transparently and through healthy competition. Scrutiny of records of ITI, Kaithal showed that the institute had issued 67 supply orders for purchase of machinery and equipment without inviting tenders through quotations and purchase valuing ₹ 73.58 lakh was made from six supplies during May-June 2015 in violation of the above instructions.

The Department stated (July 2016) that the Principal has been directed that if bids were not received as per requirement, prior approval/NOC should be obtained from State Government/Directorate General of Employment and Training before processing.

### **3.5.2 Upgradation**

Loan provided by GOI was to be utilised for providing additional civil works in the ITI, for procurement of machinery and equipment and other activities directly related to upgradation of training infrastructure in the ITI.

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<sup>21</sup> Pundri (₹ 0.08 lakh), Bahadurgarh (W) (₹ 2.41 lakh), Hassangarh (₹ 4.89 lakh), Faridabad (W) (₹ 2.90 lakh) and Nalwa (₹ 1.94 lakh).

### **3.5.2.1 Delay in completion of construction works and excess expenditure**

(i) ITI (W), Faridabad received funds of ₹ 2.50 crore under upgradation scheme in January 2009. The construction work of second floor (additional class rooms) was allotted (February 2014) to a contractor at an estimated cost of ₹ 45.59 lakh on work order and the work was to be completed by June 2014. The contractor left the work incomplete after executing the work up to roof level. Institute made payment of ₹ 32.14 lakh during March-May 2014 to the contractor. The ITI has intimated (November 2016) that the balance work has been executed from another contractor at a cost of ₹ 35.10 lakh and was completed in August 2016. Thus, construction work was completed after seven years from implementation of scheme and by incurring an extra expenditure of ₹ 21.65 lakh.

(ii) ITI (W) Bahadurgarh received funds in December 2008 under the upgradation scheme. The upgradation was to be completed within five years of the receipt of funds. The construction work of new building was allotted in January 2014 i.e. after five years of receiving the funds and the work was completed in June 2015 at a cost of ₹ 70 lakh. The ITI has now been shifted to its building and the classes were started in June 2016. Thus, due to delayed completion of the building work, admission in the newly started trades could not be commenced and the work of affiliation of trades with National Council for Vocational Training could be done in August 2016 only.

(iii) ITI (W) Sirsa had received funds under upgradation scheme in January 2011 but the building work was allotted after two years in January 2013 which has been completed in February 2014 after delay of three years.

### **3.5.2.2 Delay in erection and installation of 11 KV sub-station**

GOI, Ministry of Labour and Employment prescribed (August 2010) power norms for trades, according to which availability of prescribed power for the respective trade was to be ensured for affiliation under the National Council for Vocational Training (NCVT). Scrutiny of records of ITI, Hassangarh showed that an amount of ₹ 14.37 lakh was paid (September 2011) to the PWD, Electrical Division, Rohtak for erection and installation of 11 KV Sub Station but electric connection has not been obtained so far (November 2016). Thus, heavy machines like lathe machine, welding set purchased during September 2011 to March 2014 valuing ₹ 17.83 lakh could not be put to use depriving the students of practical training. Moreover, warranty period of machinery purchased at a cost of ₹ 3.10 lakh had since expired. Further, trades could not be affiliated with National Council for Vocational Training. Students were, thus, deprived of admissions in National Council for Vocational Training trades.

### **3.5.2.3 Non-utilization of surplus machinery and tools**

During the period of upgradation, GOI had changed (June 2014) the syllabus of 63 trades under Craftsmen Training Scheme with effect from August 2014. Scrutiny of records in test checked ITIs showed that machinery and equipment

valuing ₹ 3.24 crore purchased for different trades during the preceding years (2008 to 2015) were rendered surplus due to change of syllabus. The Department had not taken any steps to dispose off the surplus machinery and equipment despite lapse of a period of two years. It was further observed that ITI Sadhaura has incurred an expenditure on machines and equipment worth ₹ 1.67 crore from July 2008 to October 2015 out of which machines and equipment worth ₹ 1.50 crore were surplus due to change of syllabus which resulted in wastage of funds.

The Department stated (July 2016) that the surplus machinery is being used to provide training for MES courses in the ITIs and that the surplus material was purchased before the change in syllabus. However, scrutiny of bills showed that machines and equipment worth ₹ 22.01 lakh were purchased by four ITIs<sup>22</sup> after June 2014 despite change of syllabus resulting in the wasteful expenditure.

### **3.5.3 Academics**

The objective of the scheme was to improve the quality of training leading to better employability. All the three parties (National Steering Committee, State Steering Committee and Institute Management Committee) were to jointly finalize yearly targets of Key Performance Indicators (KPIs) for the next five years for improving the internal as well as external efficiency of the ITIs. These parameters were to be used to evaluate the success of the scheme during and after the project period.

#### **3.5.3.1 Shortage of faculty**

The State Government was required to ensure that there were no vacancies exceeding 10 per cent of the sanctioned strength at any point of time. Scrutiny of records showed that shortage of faculty during 2013-14 to 2015-16 ranged between 14 per cent and 80 per cent in eight out of 13 ITIs which adversely affected the quality of training imparted to students and achievement of KPIs.

The Department stated (July 2016) that the vacancies have been calculated and the demand of instructors has been sent to Haryana Staff Selection Commission and process of recruitment is going to start soon.

#### **3.5.3.2 Non-operation of trades due to poor enrolment**

One of the Key Performance Indicators mentioned in the guidelines was related to percentage of enrolments as compared to number of seats in each trade. Scrutiny of records of 13 test checked ITIs revealed that 45 trades remained inoperative in six<sup>23</sup> out of 13 ITIs during 2010-15 due to less enrolment of students in these trades.

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<sup>22</sup> Faridabad (W): ₹ 4.15 lakh, Bhiwani (W): ₹ 15.41 lakh, Kurukshetra (W) : ₹ 1.22 lakh and Sadhaura: ₹ 1.23 lakh

<sup>23</sup> Bahadurgarh (W), Bhiwani (W), Faridabad (W), Kaithal (W), Kurukshetra and Hassangarh.

The Department stated (July 2016) that the new trades were to be opened after the construction of building, procurement of machinery and appointment of instructors, but there had been unavoidable delay in the above activities.

### **3.5.3.3 Skill Development Initiative**

With a view to improve skills and generate income by charging fee from trainees, institute development plans provide for fixation of targets for training, short terms, medium terms and long terms skill requirement. As per the revised guidelines (July 2014), each ITI was required to train at least 40 candidates per year if the number of units is less or equal to four (one unit is equal to 20 students) and 80 candidates per year if number of units is more than four.

Scrutiny of records of 13 ITIs showed that though targets for training courses were fixed, no training courses were organized. Thus, the aspiring youth were deprived of improvement of their skills. It was further noted that none of the 13 test checked ITIs had organised medium and long term courses and nine ITIs also did not organise short term courses for skill development.

The Department stated (July 2016) that due to timings for short term courses being after 5 PM and difficulty of transport facilities, trainees coming from rural areas could not attend the courses.

### **3.5.3.4 Poor academic achievements**

Initial bench mark of two Key Performance Indicators i.e. the base line for pass percentage of students and candidates appearing in the examination vis-à-vis intake capacity was fixed as 70 per cent (July 2014) which was to be increased upto 95 per cent in the next five years.

Scrutiny of records of test checked districts showed that pass percentage of the students in 96 trades ranged between 0 to 62 during the years 2010 to 2015 in selected 13 ITIs as detailed in **Appendix 3.1** which was even less than base line of 70 per cent. It was further observed that percentage of the students appearing in the examination vis-à-vis intake capacity was less than base line of 70 per cent in nine ITIs out of 13 selected ITIs which shows that the scheme was not implemented effectively.

The Department stated (July 2016) that every possible efforts have been made to enroll the students in project trades. Difficulties were on account of incomplete buildings, non-recruitment of the staff and non-affiliation of ITIs with National Council for Vocation Training. Further, all the Institutes have been directed to maintain session-wise (course-wise) result in future and to ensure that the result should be improved as per the targets of KPI.

### **3.5.3.5 Placement of students**

The objective of the scheme was to improve the employment outcomes of graduates from the vocational training system by making design and delivery of training more demand oriented. Further, as per revised guidelines issued in July

2014, initial bench mark was 50 *per cent* for wage employment and 70 *per cent* for overall employment.

Scrutiny of records showed that placement percentage of 12 out of 13 selected ITIs, ranged between zero and 41 during 2011-13 except in two ITIs where pass percentage was 97 (ITI, Nissing in 2012) and 73 (Faridabad (W) in 2013). Similarly, targeted rate of employment after issue of revised guidelines (July 2014) was achieved by only two ITIs (Sadhaura and Kurukshetra) in 2014 and by only four ITIs<sup>24</sup> in 2015. Thus, the main objective of the scheme to improve the employability through vocational training could not be achieved due to shortage of infrastructure and faculty as well as lack of active and effective industry participation.

The Department stated (July 2016) that ITIs in rural area have less chances of placement as no industries are located in rural areas.

### **3.5.4 Sustainability**

#### **3.5.4.1 Status of trades' affiliation**

As per scheme guidelines, all the trades run by ITIs should be affiliated with the National Council for Vocational Training (NCVT) and the affiliation was mandatory before starting of new trades. No admission is allowed in NCVT trades before affiliation is granted by NCVT Sub-Committee. NCVT certificates are recognized throughout the country while certificates of trades affiliated with State Council for Vocational Training (SCVT) are recognized in the concerned State only.

Scrutiny of records showed that 63 new trades were taken for upgradation by 13 ITIs, out of which 34 trades of 11 ITIs were without affiliation with NCVT (December 2016). Consequently, trainees who passed during 2007-08 to 2015-16 were deprived of NCVT certificate, resulting in loss of better employment opportunity outside the State.

### **3.5.5 Conclusion**

The scheme could not achieve its objectives of improving the employment outcomes from the vocational training system. There was shortage of faculty between 14 and 80 *per cent* in eight out of 13 ITIs and 34 trades of 11 ITIs remained non-affiliated with NCVT. Poor academic performance was observed in all 13 test-checked ITIs.

The matter was referred to the Government in May 2016. Reply was awaited (December 2016).

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<sup>24</sup> (i) Kurukshetra (71 *per cent*), (ii) Kaithal (70 *per cent*) (W), (iii) Nissing (58 *per cent*) and (iv) Sadhaura (68 *per cent*).

## Irrigation and Water Resources Department

### 3.6 *Incomplete Irrigation Scheme*

**Lack of coordination with other related departments as well as non-completion of critical activities not only resulted in inordinate delay in commissioning of a lift irrigation scheme but also deprived the residents of the area of the intended benefits. Expenditure of ₹ 7.87 crore incurred on the scheme remained unfruitful.**

The PWD Code envisages due coordination of work of all agencies in order to ensure timely completion and to avoid time over run. In order to provide canal irrigation facilities to 26 villages of districts Ambala and Kurukshetra, the 'Mansurpur lift irrigation scheme<sup>25</sup>' was administratively approved in November 2007 for ₹ 8.61 crore with the direction that it would be fed from both sides i.e. from Narwana Branch in *Rabi* season by lifting the water with the help of lift pumps and from Nalvi Distributory during *Kharif* season with natural flow of water. The work of construction of this scheme from RD 0 to 44000 was completed in June 2011 and the work of linking of Mansurpur Distributory to Nalvi Distributory by constructing Mansurpur Nalvi link channel was completed in March 2016.

Scrutiny of records showed that the project was divided into four reaches for execution i.e. RD 0 to 13000, RD 13000 to 26000, RD 26000 to 40000 and RD 40000 to 44000. The works of construction were allotted in April 2008 and completed in June 2011. An amount of ₹ 55.67 lakh was deposited with Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) in May 2014 for independent feeder line to run the pump houses. However, the transformers and electric connections have not been provided so far (November 2016). Thus, the scheme could not be made functional for *Rabi* season. Further, this scheme could not be made functional for *Kharif* season from Nalvi Distributory side also as raw water from Nalvi Distributory could not be released for this scheme due to non-construction of RCC Box Type Bridge on Nalvi Distributory despite depositing an amount of ₹ 4.76 crore (₹ 2.47 crore in July 2010 and ₹ 2.29 crore in December 2011) with the Railways. An expenditure of ₹ 7.87 crore has been incurred (November 2016) on the scheme.

Thus, lack of coordination with UHBVNL and Railways not only resulted in inordinate delay in commissioning the scheme but also deprived the residents of the area of the intended benefits. The expenditure of ₹ 7.87 crore incurred on the scheme also remained unfruitful.

<sup>25</sup>

- (i) Construction of Mansurpur distributory (RD 0 to 44000).
- (ii) Construction of three pump houses to lift the water at RD 13000, RD 26000 and RD 40000 respectively.
- (iii) Mansurpur-Nalvi link channel.

The matter was referred to the Government in May 2016; its reply was awaited (December 2016).

## Industries and Commerce Department

### 3.7 Investment Promotional Schemes

**Implementation of the investment promotional schemes was marked by grant of ₹ 1.32 crore for ineligible items, non-recovery of interest free loan of ₹ 26.23 crore and non-recovery of grants-in-aid of ₹ 14.76 lakh. The Department provided financial assistance under interest free loan scheme to only five industrial units in ten years. Besides, targets of Food Processing Training Centre and Entrepreneurship Development Programme were not achieved even after incurring expenditure of ₹1.65 crore.**

The Department of Industries and Commerce, Haryana had implemented two 'Investment Promotional Schemes' viz. (i) Interest free loan in lieu of deferred Sales Tax/VAT (IFL) funded by State which commenced from July 2005 and (ii) National Mission on Food Processing (NMFP) which was a Centrally Sponsored Scheme (CSS) on sharing basis (75:25) which commenced from April 2012. An expenditure of ₹ 84 crore<sup>26</sup> was incurred against budget allocation of ₹ 104.98 crore under these two schemes during 2011-16<sup>27</sup>. Out of 21 districts, the schemes were implemented in 12<sup>28</sup> districts of the State. The objective of interest free loan scheme was to attract domestic investment and dispersal of industries to backward areas.

Records for the period 2011-16 were test checked in the office of the Director, Industries and Commerce Department, Haryana (I&C), Chandigarh during January to May 2016 with the objective of assessing the impact of these investment promotion schemes.

#### 3.7.1 Interest free loan in lieu of deferred Sales Tax/VAT

The Industrial Policy, 2005, envisaged that in order to attract domestic investment and dispersal of industries to backward areas, State Government would provide incentives to industrial units in the shape of interest free loan to mega projects with investment of ₹ 100 crore and above. Financial assistance was to be quantified on the basis of the eligibility certificate issued by Excise and Taxation Department which was 50 per cent of the tax paid on the sale of goods produced by such industrial units for a period of seven years from the date of start of commercial production as interest free loan repayable after a period of five years

<sup>26</sup> ₹56.60 crore (IFL) + ₹27.40 crore (NMFP).

<sup>27</sup> IFL: from April 2011 to March 2016 and NMFP: from April 2012 to March 2015.

<sup>28</sup> (i) Faridabad, (ii) Fatehabad, (iii) Hisar, (iv) Kaithal, (v) Karnal, (vi) Kurukshetra, (vii) Mewat, (viii) Palwal, (ix) Panipat, (x) Rohtak, (xi) Sonapat and (xii) Yamuna Nagar.

from the date of grant of the interest free loan. In case of sale/ transfer of unit, balance amount of interest free loan was to be passed on to the purchaser/ transferee if it continues with the production without disposing any assets or adversely affecting manufacturing or production capacity. If, balance of interest free loan benefit granted had not been passed to the purchaser/ transferee, the amount was to be recovered from the original grantee along with interest at the rate of 18 *per cent* per annum.

### **3.7.1.1 Non-disposal of claims**

Scrutiny of records showed that six industrial units had submitted applications for claims of ₹ 280.83 crore under the interest free loan scheme up to March 2016. The Department disbursed only an amount of ₹ 97.94 crore to five industrial units while claims of ₹ 182.90 crore in respect of these five units including interest free loan of ₹ 34.34 crore in respect of a company located at Panipat, were yet to be disbursed (November 2016). The interest free loan claim of ₹ 34.34 crore to IOCL was not disbursed even once in the last four years. However, the Department failed to get approval of the estimated requirement of the funds under the interest free loan scheme resulting in accumulation of pending claims of ₹ 182.90 crore.

The Department stated (May 2016) that ₹ 200 crore has been demanded to clear pending claims and further stated (July 2016) that delay in disbursement of loan was due to paucity of funds and delay in completion of formalities by the applicant.

### **3.7.1.2 Non-recovery of interest free loan in lieu of deferred Sales Tax/VAT**

As per terms and conditions of sanction for interest free loan to a firm at Panipat, in case of sale/transfer of unit, balance of benefit of interest free loan was to be transferred to the purchaser if it continues with the production without disposing any assets adversely affecting manufacturing or production capacity.

Scrutiny of records showed that interest free loan of ₹ 37.97 crore was given (April 2009 to March 2015) to the firm. This firm signed (19 September 2014) a sale agreement with another private firm and submitted (07 October 2014) an application to the Department seeking approval for sale of the unit. On approval (06 January 2015) by the Department, the unit was handed over (27 April 2015) to the buyer firm without transferring the benefit of interest free loan in violation of condition of the sanction. It was noticed that the Department granted approval of sale of unit ignoring the provision of the sale agreement that stipulated that the firm would not transfer the benefit of interest free loan to another firm and released interest free loan of ₹ 4.43 crore during December 2014 to March 2015 to the firm. Further, it was observed that as on March 2016, loan of ₹ 18.44 crore and an interest of ₹ 7.79 crore (rate of interest 18 *per cent*) was outstanding towards the firm. Thus, advance of loan of ₹ 4.43 crore to the firm and approving sale of unit without transfer of interest free loan to the purchasing firm was in violation of conditions of sanction and scheme rules.

Department stated (May 2016) that bankers have been requested to revoke the bank guarantee issued in favour of Director, Industries and Commerce (I&C) Department taken against disbursement of the interest free loan.

### **3.7.2 National Mission on Food Processing**

#### **3.7.2.1 Excess sanction of grants-in-aid on ineligible items**

With a view to providing integrated and complete cold chain and preservation infrastructure facilities from the farm gate to the consumer or from the production site to the market, Cold Chain, Value Addition and Preservation Infrastructure Scheme was introduced under the National Mission on Food Processing in April 2012 and revised in August 2013. Under the scheme, grants-in-aid was released to three cold chain units out of six applications received during 2012-16. As per the guidelines, civil works viz. compound wall, cost of land and its development, any residential building or rest room/guest house, canteen, labour rest room and quarters for workers, security/ guard room or enclosure and non-technical civil works not directly related to cold chain or storage infrastructure were not eligible for grants-in-aid. Audit observed the following:

(a) An amount of ₹ 7.31 crore was sanctioned as grants-in-aid to a food industry at Sonapat for setting up of palletized cold store which included ineligible item of ₹ 1.17 crore.<sup>29</sup> Of this, ₹ 5.48 crore was released between May 2013 and October 2014. Thus, Department sanctioned excess grants-in-aid of ₹ 0.58 crore.

(b) Similarly, another firm from Sonapat district had applied (April 2013) for grants-in-aid for the setting up multi products, multi variable humidity cold storage chambers. It was observed (May 2016) that the Department had sanctioned a sum of ₹ 5 crore as grants-in-aid against the project cost of ₹ 14.76 crore which included ineligible components of civil work of ₹ 2.58 crore. Inclusion of ineligible items resulted in excess sanction of grants-in-aid of ₹ 0.74 crore<sup>30</sup>.

The Department stated (July 2016) that items were eligible for grants-in-aid. The reply is not tenable as these items were not eligible as per scheme guidelines.

#### **3.7.2.2 Release of installment in violation of scheme guidelines**

A maximum grants-in-aid of ₹ 50 lakhs was to be released under the scheme “Technology upgradation/establishment/modernisation of Food Processing Industries” for establishment of new food processing units and technology

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<sup>29</sup> (i) Ante Room Wall-₹ 9.22 lakh, (ii) Rest Room and Amenities-₹ 6.38 lakh, (iii) Rest Room Electric Installation-₹ 2.40 lakh, (iv) Water System-₹ 3.50 lakh, (v) External Wall-₹ 61.39 lakh, (vi) Partition Wall-₹ 34.44 lakh - (Total= ₹ 117.33 lakh)

<sup>30</sup> ₹ 1,476 lakh (Project Cost)- ₹ 258 lakh (ineligible items as per Guidelines)= ₹ 1,218 lakh; 35 per cent of 1,218= ₹ 4.26 crore; Total Sanctioned by Department=₹ 5.00 crore-₹ 4.26 crore (Eligible GIA)= ₹ 0.74 crore (excess release of GIA).

upgradation and expansion of existing units. The first installment was to be released after utilisation of 50 per cent of the loan and 50 per cent of promoter's contribution. Second installment of the grant was to be released only after confirming the commencement of commercial production through physical verification by the State Mission Directorate, National Mission on Food Processing and submission of utilization certificate. The projects were to be completed within 12 months from the date of the issue of approval letter. In case, the project is not completed within the stipulated time, State Level Empowered Committee had the authority to recall the grants-in-aid.

Scrutiny of records showed that a grants-in-aid of ₹ 29.52 lakh was sanctioned (12 March 2013) to a private firm from Palwal (Faridabad) and the first installment of ₹ 14.76 lakh was released on 14 March 2013. The project was to be completed by March 2014. However, the company had not submitted the requisite document that the project has been commissioned. Joint Director, District Industries Centre, Palwal intimated to Mission Director that during visit (11 March 2014) the plant was found closed.

The Department stated (July 2016) that the proprietor was not able to pay few installments of term loan availed from the bank and the bank had not issued requisite certificate which was required for availing second installment of grants-in-aid. The Joint Director, DIC Palwal had conducted inspection in May 2015 and found that plant and machinery was installed in the unit except some machineries. The fact remains that the installment of grants-in-aid was released to the firm in violations of the conditions of grants-in-aid as neither production was started nor utilisation certificate was furnished by the firm.

### **3.7.2.3 Non-achievement of targets for conducting training**

Scheme for Food Processing Training Centre (FPTC) was started for development of rural entrepreneurship and transfer of technology for processing of food products by utilizing locally grown raw material. Grants-in-aid was to be released in two installments. The second installment was to be released within six months of release of first installment. FPTCs were to impart training to at least 50 trainees per year with minimum of two batches per year for the next ten years. These FPTCs were to obtain license under Food Safety and Standards Act, 2006 (FSSAI) for food processing activities.

Scrutiny of records showed that grants-in-aid of ₹ 24 lakh was disbursed to four institutions for conducting training for food processing activities under the scheme during 2013-15. Against the target of 500 trainees, these institutions had imparted training to only 275 (55 per cent) trainees during September 2013 to March 2016. One of the institutes at Panipat did not have FSSAI license for conducting food processing training. Despite this, the Department provided grants-in-aid to the agency in violation of scheme guidelines. Moreover, second installment of grants-in-aid was released to the agencies with a delay period of one to two years. Further, even after incurring expenditure of ₹ 24 lakh on Food Processing Training Centre, the institutes could not achieve the training targets.

The Department stated (July 2016) that there is no need of FSSAI certificate as the said FPTC was engaged in bakery processing. The Department added that there was no shortfall in achievement of target and cumulative achievement is more than the target. The reply is not tenable as FSSAI certificate is mandatory for selling the food products in the market as per the guidelines issued by the Union Ministry of Food Processing Industries. Further, contention of the Department that cumulative achievement was more than the target is also not correct as the achievement of targets was to be counted from the release of second installment or on completion of six months of release of first installment, whichever is earlier.

#### **3.7.2.4 Irregularities in conducting Entrepreneurship Development Programmes**

Entrepreneurship Development Programmes (EDPs) were to be conducted for providing training to establish food processing industries. As per guidelines, duration of Entrepreneurship Development Programme was four weeks which included field visits, project formulation, works related to financial assistance and assessment of need for higher training. Each Entrepreneurship Development Programme was to have 25 to 35 trainees for Entrepreneurship Development and at least 50 *per cent* of these trained persons were required to set up their processing units. Grants-in-aid up to ₹ three lakhs per Entrepreneurship Development Programmes was to be released in three installments<sup>31</sup>. The follow-up phase was to be continued for a period of twelve months and more during this period. An independent evaluation of completed Entrepreneurship Development Programmes after two years was required to be done by an independent professional organisation selected by the State Mission Directorate.

Scrutiny of records showed that an expenditure of ₹ 1.41 crore was incurred for conducting 82 Entrepreneurship Development Programmes by seven institutions during 2012-16. Audit observed the following:

##### **(i) Non-achievement of targets**

Twenty four EDPs conducted by four agencies had imparted Entrepreneurship Development Programmes training to 717 trainees of which at least 358 trainees were required to set up their own units. But only 156 trainees could set up their units thereby leaving a shortfall of 202 units.

Moreover, 10 Entrepreneurship Development Programmes were conducted for SC/ST by North India Technical Consultancy Organisation Ltd. and one Entrepreneurship Development Programme by National Institute of Food Technology Entrepreneurship & Management during 2014-15 and grants-in-aid of ₹ 1.41 crore was released to these institutions for conducting EDPs but both these

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<sup>31</sup> (i) 50 *per cent* as advance on approval of the proposal; (ii) 25 *per cent* on completion of EDP and (iii) 25 *per cent* on completion of follow-up action.

institutes could not complete the follow up process even after one year of completion of training.

Thus, the Department failed to achieve the targets and objective of the scheme to set up their own units could not be achieved.

The Department stated (July 2016) that less achievement of targets is due to non-motivation of the trainees by the organizations for setting up food processing units and added that the Department is pursuing with the organizations to achieve the targets.

**(ii) Non-recovery of grants-in-aid**

A firm was given (March 2013) grants-in-aid of ₹ two lakh for conducting EDPs at Palwal and Mewat. During an inspection (August 2014) conducted by Joint Director, District Industries Centre, Palwal, it was found that six persons out of 26 persons who were shown as trained had stated that they had not been given any training by this Institute. The Department recalled the grants-in-aid with interest from this Institute during October 2015 but no recovery has been made so far (July 2016).

The department stated (July 2016) that efforts for recovery of grants-in-aid are being made.

**3.7.3 Conclusion**

The objectives of the schemes could not be substantially achieved as claims of ₹ 182.90 crore for disbursement under the schemes remained pending. Grants-in-aid under the cold chain scheme was provided to only three industrial units while there was excess sanction of grants-in-aid of ₹ 1.32 crore due to non-exclusion of ineligible items and non-recovery of interest free loan of ₹ 26.23 crore. Besides, targets of FPTC and EDP were not achieved even after incurring expenditure of ₹ 1.65 crore.

**Labour Department**

**3.8 Delay in construction of Workers' Facilitation Centres**

**Failure of the Board to take over physical possession of site led to delay in construction of Workers Facilitation Centres at Kundli and Rai and blocking of funds of ₹ 10.44 crore and loss of interest of ₹ 1.32 crore.**

The Haryana Building and Other Construction Workers Welfare Board requested (October 2009) the Haryana State Industrial and Infrastructure Development Corporation (HSIIDC) to allot sites at Kundli and Rai for establishment of Workers Facilitation Centres (WFCs) to provide short term modular training to the workers, crèches for their children, health facilities to the beneficiaries of the Board and their dependents and improvement of safety at work sites.

HSI IDC offered (August 2010) two sites measuring approximately 2,025 square metres each at the rate of ₹ 6,325 per square metre and requested the Board to deposit ₹ 25.62 lakh towards 10 *per cent* application money which was deposited by the Board in October 2010. On receipt of application, the HSI IDC issued (March 2011) letters of allotment to the Board for both the sites measuring 2,100 and 2,016 square metres for consideration money of ₹ 2.61 crore (₹ 1.33 crore and ₹ 1.28 crore for Kundli and Rai respectively) and the balance amount was paid during April and May 2011 to HSI IDC. As per the Letter of Allocation, construction was to be completed within a period of four years from the date of offer of possession of the site. Extension for construction was permissible for further three years on yearly basis after payment of extension fee and in case of non compliance of this condition within the extended period, site was liable to be resumed.

The Board directed (June 2011) the Assistant Director, Industrial Safety and Health (AD, IS&H), Sonapat to take physical possession of the sites under intimation to Board and also send the dimensions and zoning plans of the sites. The Board requested (August 2011) to HSI IDC to furnish zoning plan of the site. On receipt of zoning plans from HSI IDC in September 2011, the Board approached (December 2011) the Chief Architect, Haryana for preparation of layout plan which was subsequently received from Chief Architect on 29 May 2013 and approved by the competent authority of the Board in March 2014. Rough cost estimates for construction of WFCs were forwarded by the Public Works Department, Buildings and Roads (PWD) in July 2014 to the Board and administrative approvals accorded by the Government in October 2014. Funds of ₹ 10.44 crore were transferred to PWD in December 2014 to execute the works.

However, the project could not progress further as the Board had yet to take over physical possession of the sites. PWD requested (March 2015) the Board to hand over possession of the sites as they had completed the process for construction of WFCs and the Board directed (April 2015) AD (IS&H), Sonapat after a period of four years from the date of issue of letters of allotment to send a complete report regarding physical possession of the sites. Meanwhile, the PWD allotted (September 2015) the works to a contractor with the condition to complete the work within 12 months. The possession of the site at Kundli and Rai was actually taken over by the Board during January and June 2016 i.e. after 56 and 62 months from the date of issue of Letters of Allotment and the sites were handed over to PWD (B&R) on the same dates of taking over of possession from HSI IDC respectively.

Audit observed that failure of the Board to ensure taking over of the site for over four years resulted in delay in implementation of the project and blocking

of ₹ 10.44 crore besides loss of interest of ₹ 1.32 crore<sup>32</sup>. Further an amount of ₹ 4.82 lakh has also been paid (December 2015) by the Board as extension fee due to non construction of the sites by March 2015 in terms of the allotment letter.

The Department stated (July 2016) that physical possession of both the sites has been taken (January/June 2016) and official proceedings to enquire into the reason for delay in taking the possession were being initiated.

The matter was referred to the Government in July 2016. Reply has not been received (December 2016).

### Medical Education and Research Department

#### 3.9 Avoidable payment of Service Tax

**Four medical institutions made avoidable payment of ₹ 6.59 crore on account of service tax though these institutions were exempted by Government of India being educational institutions.**

As per the Indian Medical Council Act, 1956, medical institution means any institution which grants degrees, diplomas or licenses in medicine. The Department of Revenue, Ministry of Finance, Government of India, exempted (June 2012) certain services provided to or by educational institutions from service tax with effect from 1 July 2012. The Department clarified in September 2013 that exempted services includes any services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any persons. The notification was further amended in July 2014 to include the house-keeping services performed in such educational institution.

Scrutiny of the records of Bhagat Phool Singh Government Medical College for Women (BPSG), Khanpur Kalan (Sonipat), Shaheed Hasan Khan Mewati Government Medical College (SHKM), Nalhar (Mewat), Pandit B.D. Sharma Post Graduate Institute of Medical Sciences (PGIMS) and Pandit B.D. Sharma University of Health Sciences (UHS), Rohtak, revealed that these institutes engaged four service providers between July 2012 and August 2014 for providing security, housekeeping, sanitation works, helpers and bearer services in these institutes. An amount of ₹ 6.59 crore was paid to the agencies as service tax between July 2012 and August 2016 for providing the above services which could have been avoided had the notifications issued by GOI been implemented.

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| Period                               | Prevailing rates of interest on FDR in bank<br>(per cent) per annum | Amount deposited<br>with PWD (₹) | Loss of<br>interest (₹) |
|--------------------------------------|---|----------------------------------|-------------------------|
| 16.12.14 to 31.03.2015 (3.5 months)  | 9.00  | 10,44,37,000                     | 27,41,471               |
| 01.04.2015 to 31.03.2016 (12 months) | 8.25  | 10,44,37,000                     | 86,16,052               |
| 01.04.2016 to 30.06.2016 (3 Months)  | 7.00  | 10,44,37,000                     | 18,27,647               |
| <b>Total</b>                         |   |                                  | <b>1,31,85,170</b>      |

(Source: Loss of interest calculated on the basis of rate of interest given by various banks on the deposited amount of FDRs of the Board)

On being pointed out, the hospital authorities stated that steps were being taken to recover the amount of service tax paid to the service providers.

The matter was referred to the Government in July 2016. Reply was awaited (December 2016).

### **3.10 Extra expenditure due to injudicious allotment of works**

**Allotment of works valued at ₹ 8.57 crore by Maharaja Agrasen Medical College without ascertaining the credentials and work experience of the agency and without getting the balance work done at the risk and cost of the defaulting agency as provided for in the contract resulted in extra expenditure of ₹ 2.06 crore.**

Maharaja Agrasen Medical College (MAMC), Agroha invited tenders (July 2011) for two works viz. “Construction of Nursing Hostel (90 Rooms)” and “24 Type-II Houses” at an estimated cost of ₹ four crore and ₹ 2.60 crore with completion period of ten and eight months respectively. As per the terms and conditions of the notice inviting tenders, the tenderers were required to submit requisite documents such as TIN and PAN numbers, valid copy of enlistment letter, list of machinery and list of similar nature of works executed during the previous three years.

Scrutiny of records (May 2015) of the office of Director, MAMC, Agroha, showed that both the works were allotted (August and September 2011) by MAMC to an agency at ₹ 5.32 crore and ₹ 3.25 crore. But, necessary documents like TIN number, list of machinery and list of similar works executed during previous three years were not obtained. The agency left both the works incomplete in October 2012 and February 2013 after executing part of the works to the extent of ₹ 1.19 crore and ₹ 1.38 crore. Due to failure of the agency to complete the works, compensation at the rate of 10 per cent amounting to ₹ 0.53 crore and ₹ 0.33 crore was levied (May 2013) on the awarded cost of works and it was further decided to get the balance works executed at the risk and cost of the agency (May 2013). The agency went (January/February 2014) into arbitration which they subsequently withdrew (May 2015) without assigning any reasons on record. Balance works were finally executed in December 2014 and January 2015 from two other contractors at a cost of ₹ 7.68 crore and ₹ 3.05 crore respectively. After adjusting actual scope of works allotted to two contractor, MAMC had to incur extra expenditure of ₹ 2.06 crore<sup>33</sup> (₹ 1.73 crore + ₹ 0.33 crore). Thus, allotment of works without obtaining details of past experience of the agency in execution of similar works as envisaged in the notice inviting tender and subsequently not completing the balance works at his risk and cost as per the contract agreement led to extra expenditure of ₹ 2.06 crore.

The matter was referred to the Government in May 2016. Reply was awaited (November 2016).

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<sup>33</sup> ₹ 2.25 crore (Total extra expenditure on both works) - ₹ 0.19 crore (adjusted on account of security deposit).

### 3.11 Improper evaluation of bids

**Failure to properly evaluate financial bids submitted by service providers taking into account the total financial implications of the quotations submitted resulted in award of work to Firm that was not the lowest bidder and excess payment of ₹ 1.51 crore in Shaheed Hasan Khan Mewati Government Medical College, Nalhar, Mewat.**

Government of Haryana issued (February 2009) a policy for outsourcing of services/activities according to which services/activities were to be outsourced as and when required by departments where posts had not been sanctioned and the persons were to be engaged on minimum wages<sup>34</sup> and statutory charges<sup>35</sup>.

Scrutiny of records of Shaheed Hasan Khan Mewati Government Medical College (GMC), Nalhar, Mewat showed that tenders were invited in May 2014 under double bid system for deployment of housekeeping staff<sup>36</sup> and the bidders were required to quote the rate per person per month inclusive of minimum wages plus EPF, ESI and service tax and percentage of the service charges of bidder. The rates quoted by the bidders were to be frozen for a period of two years. In response, eight bidders submitted their technical and financial bids. Technical bids were opened (June 2014) by a Committee constituted under the Chairmanship of the Medical Superintendent and technical bids of two bidders were rejected as experience certificates were not attached. The financial bids of the remaining six bidders were opened in July 2014. Firm 'A' quoted his rates on Minimum Wages plus statutory taxes and service charges at 2.01 *per cent* whereas Firm 'B' quoted the lump sum rates per month for different categories of post<sup>37</sup> plus service charges at the rate of 2.01 *per cent*. The lump sum rates of wages quoted by Firm 'B' were higher<sup>38</sup> than the minimum wages and statutory charges. The committee recommended issue of work order in favour of Firm 'B' on the ground that both financial bids had quoted the same rates but Firm 'B' had six years more experience than Firm 'A'<sup>39</sup>. The recommendation was forwarded (August 2014) to the Director, Medical Education and Research, Haryana for approval which was accepted and the work was allotted to Firm 'B' in August 2014 for one year which was extended up to 31 March 2016 or till the finalization of e-tendering.

Audit observed that the notice inviting tender stipulated that in case of financial bids of the two bidders quoting same rate (qualified for L-1), the work will be allotted to agency/service provider who has significant experience (time period)

<sup>34</sup> Un-skilled: ₹ 8,100 per month; Semi-skilled: ₹ 9,000 per month; Skilled: ₹ 9,900 per month.

<sup>35</sup> Employee Provident Fund and Employees State Insurance contribution.

<sup>36</sup> Ward Attendant, Plumber, Electrician, Painter, Lift Operator, Tailor, Data Entry Operator, Carpenter and any other skilled/semi-skilled/unskilled worker.

<sup>37</sup> Unskilled: ₹ 13,062; Semi-skilled: ₹ 14,458.41 and Skilled: ₹ 15,854.80.

<sup>38</sup> Unskilled: ₹ 3,475; Semi-skilled: ₹ 3,806 and Skilled: ₹ 4,136.

<sup>39</sup> Firm A had experience of 3 years and firm 'B' had experience of 9 years.

of satisfactory work done in the related areas in the institutes or on draw of lots basis. The Committee had compared only the service charges rates quoted by these bidders which were identical at 2.01 *per cent* and thereafter applied the criteria of experience instead of working out total financial implications of the bids on the basis of rates of wages quoted by these bidders. As the rates of wages quoted by Firm 'B' were higher than the minimum wages and statutory charges which were quoted by the Firm 'A', the lowest bidder was Firm 'A'. Thus, evaluation of bids was not properly done and resulted in award of work to a firm that was not the lowest bidder. The allotment at higher rates to Firm 'B' resulted in excess payment of ₹ 1.51 crore (**Appendix 3.2**) during the period from September 2014 to May 2016.

The Director, GMC Nalhar (Mewat) stated (December 2016) that the Firm 'B' had deposited an amount of ₹ 61.15 lakh in November and December 2016 with the college and Firm has been directed (November 2016) to refund the remaining excess paid amount along with interest in four monthly installments. The fact remains that the award of work to a bidder that was not the lowest was *ab-initio* incorrect.

The matter was referred (July 2016) to the Government. Their reply was awaited (November 2016).

### Public Works Department (Buildings & Roads)

#### 3.12 Implementation of Pradhan Mantri Gram Sadak Yojna

**There were cases of delays in completion of works, short release of funds by Government of India and State Government. Besides, there were cases of non-recovery of liquidated damages and mobilization advance. Contractors had not provided insurance cover of road works.**

##### 3.12.1 Introduction

Rural road connectivity is a key component of rural development. Government of India (GOI) announced (December 2000) the Pradhan Mantri Gram Sadak Yojana (PMGSY-I) to provide all weather access to eligible unconnected habitations. For consolidating the entire rural road network by upgrading through-routes<sup>40</sup> and some major rural links, a new intervention was evolved in August 2013 (PMGSY-II) for the States and Union Territories who had achieved 100 *per cent* new connectivity and 75 *per cent* of upgradation works under PMGSY-I.

The Haryana Rural Roads Infrastructure Development Agency (HaRRIDA) registered on 10 January 2008 under the Societies Registration Act, 1860, was the implementing agency of the programme in the State. In the field, Project Implementation Units (PIUs) headed by Executive Engineers were responsible for

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<sup>40</sup> A road for passage.

execution of works. As against the availability of funds of ₹ 1,048.67<sup>41</sup> crore, an expenditure of ₹ 963.50 crore was incurred during 2010-16. With a view to assessing whether the implementation of the programme was with reference to extant rules, regulations, codal provisions and programme guidelines, records of 32 out of 56 works in seven<sup>42</sup> out of 21 districts for the period 2010-16 were scrutinized during May 2015 to October 2015. The districts were selected by applying Probability Proportional to Size Without Replacement (PPSWOR) and works were selected by adopting Simple Random Sampling Without Replacement (SRSWR).

### **3.12.2 Financial management**

#### **3.12.2.1 Short release of funds by GOI and State Government**

The PMGSY guidelines provides that the funds for the cleared value of projects will be made available to HaRRIDA in two installments. Scrutiny of records of HaRRIDA revealed that 83 road works and 18 bridge works were approved (May 2014) with a total project cost of ₹ 917.45 crore (Central share ₹ 651.51 crore and State share ₹ 265.94 crore). As against Central share of ₹ 651.51 crore, ₹ 548.97 crore were released by GOI up to March 2016. Out of this, ₹ 521.27 crore were released by the State Government to HARRIDA and balance ₹ 27.70 crore was retained by the State Government. Further, State Government had released ₹ 221.42 crore as against its share of ₹ 265.94 crore and balance share of ₹ 44.52 crore had not been released (September 2016).

The Department stated (September 2016) that balance funds would also be released by GOI and State Government as per total project cost sanctioned for execution of various works.

#### **3.12.2.2 Records of unknown debits not available**

A perusal of the bank reconciliation statements revealed that there were unknown debits of Programme Fund of ₹ 4.93<sup>43</sup> crore during 2010-11 to 2012-13. In the absence of details of debit entries, the purpose for which the expenditure was incurred could not be known and chances of misappropriation of funds cannot be ruled out.

The Department stated (September 2016) that the unknown debits had been cleared in subsequent years. The reply is not tenable as records such as vouchers in support of reconciliation of unknown debits were not available with the Department. Further reference was made to HaRRIDA (October 2016) to furnish the related records but neither records nor reply had been furnished (November 2016). The department should investigate these unknown debit entries and bring them on record to obviate chances of misappropriation of funds, if any.

<sup>41</sup> Opening balance: ₹ 7.51 crore, Interest: ₹ 28.98 crore, GOI grants: ₹ 739.02 crore, State Government Grant: ₹ 245.38 crore and Security ₹: 27.78 crore.

<sup>42</sup> (i) Panipat, (ii) Kaithal, (iii) Hisar, (iv) Sirsa, (v) Jhajjar, (vi) Gurgram and (vii) Yamunanagar

<sup>43</sup> 2010-11: ₹ 2.73 crore, 2011-12: ₹ 1.21 crore and 2012-13: ₹ 0.99 crore

### **3.12.3 Execution of works**

#### **3.12.3.1 Non-achievement of targets**

The Union Ministry of Rural Development approved (May 2014) 83 rural roads works under PMGSY-II. For monitoring the implementation of the scheme, GOI developed On-line Management, Monitoring and Accounting System (OMMAS). State Government was made responsible for updating the data regarding the execution of the works on OMMAS.

Scrutiny of the data in the OMMAS and that provided by the Department showed that 82 out of 83 works had been completed. Further, scrutiny of the records revealed that full length as indicated in the projects was not completed in respect of 11 projects which included 10 projects (Sr. 1 to 10 of **Appendix 3.3**) which were shown as completed in OMMAS. In test-checked cases, it was observed that two works were not completed as discussed in paragraph 3.12.3.2 but these works were shown as completed in the OMMAS. Thus, the veracity of data uploaded in the OMMAS could not be assured in audit.

#### **3.12.3.2 Delay in completion of works**

The PWD Code stipulates that required clearances, re-location of utilities and securing of permits should be obtained before commencement of the works and no work shall be commenced unless required clearances are obtained.

Out of 32 works test-checked, seven works were completed with delays ranging between three to 29 months while seven works were still under execution. The delays were mainly due to non-clearance of site, shifting of electricity poles and ban on mining which should have been known and addressed before taking up the projects. Two works where execution of works was in progress are discussed below.

(i) Work of upgradation of Haily Mandi-Farrukh Nagar road via Mehchana in Gurugram District was allotted (February 2014) to an agency at an cost of ₹ 9.53 crore. The work was to be completed within 12 months. Scrutiny of records of Provincial Division No.2, Gurugram revealed that the agency could not complete the drain work for want of clearance/permission from the Forest Department as of September 2016. An expenditure of ₹ 4.20 crore was incurred upto March 2016 on the work. The case was referred to the Forest Department only in January 2015 whereas the work was allotted to the agency in February 2014. Forest clearance had not yet been received (August 2016).

(ii) Work of upgradation of Panchgaon to Farrukhnagar road via Jamalpur in Gurugram district was allotted (February 2014) to an agency at a cost of ₹ 12.69 crore and was scheduled to be completed by March 2015. The agency could not complete the work for want of clearance from the Forest Department despite spending ₹ 7.28 crore upto September 2016. The case for permission was referred to the Forest Department only in January 2015 whereas the work was allotted in February 2014. Forest clearance had not yet been received (August 2016).

The Department stated (September 2016) that in most of the PMGSY works, upgradation and strengthening of roads was involved and there were few cases where clearance from Forest Department and the utility shifting was involved that too in small stretches of the roads. Therefore, it was not prudent to halt the whole project for these small bottlenecks. The reply was not tenable as requisite clearances were required to be obtained before commencement of the works as per the PWD Code and failure to do so had only resulted in delay in their completion and denial of the intended benefits of road connectivity to the intended beneficiaries.

### ***3.12.3.3 Maintenance of roads***

The PMGSY guidelines provides that all PMGSY roads would be covered under five years maintenance contracts to be entered into along with the construction contract with the same contractor. Further, if the contractor does not maintain the roads during maintenance period, the engineer will assess the cost and get the work executed and recover the amount from the contractor.

Audit observed that upgradation of Kalawali-Baragudha-Sahuwala road upto NH-10 was done in June 2012. The Executive Engineer pointed out (July 2014) to the contractor that the road was not being maintained and patches on the road had developed and berms of the roads required dressing in many reaches. The maintenance work was not carried out by the contractor as of November 2016. The Department had not taken any action for maintenance and removal of defects through a third party at the risk and cost of the defaulting contractor as provided for in the agreement and the required maintenance of roads remained unattended.

### ***3.12.4 Contract management***

#### ***3.12.4.1 Non-recovery of liquidated damages***

The work of upgradation of road from Masitan to Dabwali via Chautala in district Sirsa was allotted (January 2010) to an agency for ₹ 3.50 crore and was to be completed by December 2010.

As the agency did not start the work, the agreement was rescinded in September 2011. A total of ₹ 70 lakh<sup>44</sup> was recoverable as liquidated damages from the agency. No action was taken to recover the amount except encashment of bank guarantee of ₹ 17 lakh.

The Department stated (September 2016) that letters had been written to all EEs in the State to recover the money from any of the ongoing works of the agency under their jurisdiction and process of referring the matter to the Empowered Standing Committee had also been started.

#### ***3.12.4.2 Non-recovery of mobilisation advance***

The PWD Code provides that an interest bearing mobilization advance to the

<sup>44</sup> 20 per cent of value of contract as per clause 44.1 and 52.1 of the agreement.

extent of 5 per cent of contract value can be given to contractor against unconditional and irrecoverable bank guarantee. The recovery of mobilization advance together with interest will be made through percentage deduction from interim/running payments in the manner prescribed in the contract. It shall be desirable to recover the total amount of mobilization advance along with interest within 80 per cent of time stipulated for completion.

Scrutiny of the records of divisions of test-checked district revealed that the recovery of mobilization advance of ₹ 1.06 crore was not made by Provincial Division Yamunanagar despite lapse of 80 per cent of stipulated time period for execution of works as given in **Table 3.3** below:

**Table 3.3: Details showing non-recovery of mobilisation advance**

| (₹ in crore)           |                                |   |  |                           |           |                              |
|------------------------|--------------------------------|---|--|---------------------------|-----------|------------------------------|
| Name of work           | Name of agency                 | Stipulated month for completion of work | Month of payment of mobilisation Advance | Mobilisation advance paid | Recovered | Balance as on September 2016 |
| Ladwa to Bilaspur road | New India Construction Company | August 2015                             | September 2014                           | 1.39                      | 0.33      | 1.06                         |

(Source: Compiled from Departmental records)

Time extension had not yet been granted to the executing agency (September 2016). Though the divisional officer was empowered to encash the bank guarantee amounting to ₹ 1.39 crore taken against the mobilisation advance yet no action was taken to encash the bank guarantee.

#### **3.12.4.3 Insurance cover not provided**

Clause 13.1 of bidding document provides that the contractor at his cost shall provide, in the joint names of the employer and the contractor, insurance cover from the date of start to the date of completion for loss or damage of the works, plants and material, loss or damage to equipment and loss of or damage to property (except the works, plant, material and equipment) in connection with the contract and personal injury and death.

Insurance cover for the works executed in test checked divisions (except Provincial Division No. 1, Hisar) was not provided by executing agencies during 2010-16. These divisions had executed the works worth ₹ 191.98 crore during 2010-16. In the event of any mishap, the Department would not be able to recover the loss.

The Department stated (February 2016) that instructions had been issued to all the Project Implementing Units (PIUs) for compliance of the clause of the agreement.

#### **3.12.5 Conclusion**

While the implementation of the scheme in general was satisfactory in physical terms, there was short release of funds by GOI and State Government, delay in completion of works, non-recovery of liquidated damages and mobilization advance. Further, insurance cover of roads works was not provided by the contractors.

### 3.13 Excess payment to agencies

**Non-verification of the quantities in bills with the entries in measurement book and lack of internal control checks such as reconciliation of connected records and rates of bitumen led to adoption of increased quantities and wrong calculation of difference of rates of bitumen resulting in excess payment of ₹ 1.17 crore to ten agencies.**

The PWD Code provides that payment for work done shall be made on the basis of measurements and that Engineer-in-Charge will check the bill and make interim payment for value of work done strictly in accordance with the terms and conditions of the contract.

Scrutiny of records of six divisions<sup>45</sup> revealed ((March 2014 to March 2016) excess payments of ₹ 1.17 crore to ten agencies in eleven road works as discussed below:

(i) The work “Construction of various District Roads under the Division in Ambala and Yamuna Nagar Districts ” containing 49 village roads was awarded in February 2014 to an agency for ₹ 7.09 crore with capping condition<sup>46</sup>. The agency was paid ₹ 7.13 crore through 6<sup>th</sup> and final bill in April 2015.

During examination of records and entries made in Measurement Books, it was noticed that while preparing 5<sup>th</sup> and running bill in the Measurement Book, the quantities of item “Providing and laying first coat on Surface Dressing including rolling with road roller” were carried forward as 98,550.02 sq mtr instead of 9,855.02 sq mtr which increased the quantities of this particular item by 88,695 sq mtr resulting in excess payment of ₹ 53.29 lakh to the agency in October 2014. This error also continued in the 6<sup>th</sup> and final bill of the work paid in April 2015.

On being pointed by audit, the EE recovered the amount of ₹ 59.06 lakh<sup>47</sup> (including interest) from the agency between December 2015 and June 2016 with interest.

The Department stated (September 2016) that excess payment of ₹ 53.29 lakh was made inadvertently as the quantity of 9,855.02 sq mtr was taken as 98,550.02 sq mtr and error was un-intentional.

<sup>45</sup> Provincial Division, Naraingarh; Provincial Division, Palwal; Provincial Division, Panchkula; Provincial Division, Charkhi Dadri; Provincial Division No. 3 (NH), Rohtak and Construction Division, PWD B&R, Chandigarh.

<sup>46</sup> The agency will be paid lowest of the following in all running and final bills:

- a. Amount calculated with the accepted rates of the lowest agency.
- b. Amount worked out with the rates of L-2.
- c. Amount worked out with the accepted percentage of Haryana Schedule of Rates+Ceiling Premium/analytical rates/Non-Scheduled item rates worked out in the financial statement.

<sup>47</sup> ₹ 59.06 lakh=excess amount : ₹ 53.29 lakh + interest: ₹ 5.77 lakh

The reply is not tenable as 825.809 Metric Ton bitumen was also shown as consumed for the work while only 738 Metric Ton bitumen was brought to the site. Thus, failure of the department to exercise prescribed checks in regard to assessment of work as per Measurement Book and non-reconciliation of the consumed bitumen with the bitumen brought to the site led to excess payment of ₹ 53.29 lakh to an agency.

(ii) As per terms and conditions of the agreements entered into with nine contractors (between May 2012 and May 2014) in ten road works, the rates of bitumen at the refinery on the date of close of financial bidding were to be considered as base and if during execution of the works, the rate of bitumen increases or decreases at refinery, the difference in cost was payable/ recoverable i.e. escalation/de-escalation from the contractors.

Audit noticed that while calculating the escalation amount, only the base rates i.e. rates of bitumen at the refinery on the date of close of financial bid were taken and State specific/ statutory charges were not included in these rates. This resulted in excess payment of ₹ 63.68 lakh as detailed in *Appendix 3.4*.

On being pointed out, the department made recovery of ₹ 44.25 lakh. However, balance ₹ 22.02 lakh (excluding interest) is yet to be recovered from the concerned agencies (November 2016).

The Department stated (September 2016) that the invoice of bitumen at the time of close of financial bidding was not available so basic rates of bitumen was taken from the website of Indian Oil Corporation Ltd. Further, while calculating the amount of escalation, basic rates were taken from invoices.

Thus, non-verification of the quantities in bills with the entries in measurement book and lack of internal control checks such as reconciliation of connected records and rates of bitumen led to adoption of increased quantities and incorrect calculation of difference of rates of bitumen resulting in excess payment of ₹ 1.17 crore<sup>48</sup> to the agencies out of which, ₹ 1.03 crore<sup>49</sup> (including interest) have been recovered (November 2016).

### **3.14 Unfruitful expenditure on incomplete work**

**Award of work to the agency on the basis of a single tender coupled with delayed action to enforce terms of the agreement for continuous delay on the part of the contractor in execution of the work ultimately resulted in unfruitful expenditure of ₹ 1.02 crore. The work which was scheduled to be completed in September 2013 was lying abandoned since July 2014. Further, undue financial benefit of ₹ 18.20 lakh was also extended to the agency by not levying the penalty as per agreement.**

As the PWD code, delay in completion of a contract beyond the time schedule may be caused by the employer or contractor or third party or force majeure. The

<sup>48</sup> ₹ 1.17 crore = ₹ 53.29 lakh + ₹ 27.02 lakh + ₹ 36.66 lakh

<sup>49</sup> ₹ 1.03 crore = ₹ 59.06 lakh + ₹ 44.25 lakh

consequences of delay are extension of time or imposition of liquidated damages or determination/ termination of the contract.

The State Government accorded administrative approval (January 2012) for construction of "Workshop Block under SC/ST scheme at Industrial Training Institute (ITI) at village Pali in Faridabad District at a cost of ₹ 3.01 crore". Open tenders were invited in July 2012 and only single bid was received. Subsequently, the tender of the work was recalled in August 2012 but no bids were received. The Superintending Engineer, Gurugram Circle, Public Works (B&R) Department (SE) and Executive Engineer, Provincial Division, Faridabad decided (October 2012) to open the tender received earlier in public interest to avoid delay. The work was subsequently allotted (November 2012) to the contractor by the SE (the employer) for ₹ 2.56 crore to be completed within nine months i.e. by September 2013.

Scrutiny of records of the Executive Engineer, Provincial Division, Faridabad (EE) showed that the progress of work was slow from the very beginning despite issuing four reminders during April-June 2014. As on July 2014, 40 *per cent* of the work had been completed and ₹ 93.46 lakh was paid to the agency. Thereafter, no work was executed (July 2014). The agreement stipulated that the contractor shall pay liquidated damages to the employer at the rate of 1/500 of the initial contract price for each day of delay in completion from the stipulated completion time subject to maximum 10 *per cent* of the contract price. An amount of ₹ 7.40 lakh was recovered up to October 2016 against the required penalty of ₹ 25.60 lakh (10 *per cent* of the contract price) and remaining amount of ₹ 18.20 lakh was yet to be recovered (November 2016).

Further, the agreement also provided that the employer or the contractor may terminate the contract if the other party causes a fundamental breach of the contract viz. the contractor stops the work for 20 days or when the contractor has delayed the completion of work by 30 days. Audit further noticed that the Executive Engineer had after a long gap of nearly one and half years requested (December 2015 and May 2016) the SE to terminate the agreement which was finally done in June 2016. Total expenditure of ₹ 1.02 crore<sup>50</sup> has been incurred on the work which proved unfruitful due to non-completion of the work.

The Department stated (September 2016) that the work has been terminated and a committee has also been constituted to measure the work done by the agency. The balance work will be allotted after calling tenders at the earliest.

Audit observed that opening of the earlier received single tender and award of work to the agency coupled with delayed action to enforce terms of the agreement for continuous delay on the part of the contractor in execution of the work ultimately resulted in unfruitful expenditure of ₹ 1.02 crore. The work which was scheduled to be completed in September 2013 was lying abandoned since July 2014. Further, undue financial benefit of ₹ 18.20 lakh was also extended to the agency by not levying the penalty as per agreement.

<sup>50</sup> Payment to agency ₹ 0.93 crore + Misc. expenditure ₹ 0.09 crore.

## Public Health Engineering Department

### 3.15 Incomplete Sewerage Scheme

**Failure of the department to ensure availability of land for all components of the project resulted in incomplete works despite expenditure of ₹ 10.59 crore and discharge of treated effluent into pond and Ellenabad distributory exposing the residents of the area to unhygienic conditions and health hazards.**

The Manual on Sewerage and Sewage Treatment issued in December 1993 by the Government of India, Ministry of Urban Development, provided that while designing waste water collection, treatment and disposal systems, planning was to generally begin from the final disposal point, going backwards to give an integrated and optimum design to suit the topography and the available hydraulic heads supplemented by pumping, if essential. Further, the PWD code stipulates that necessary investigation/ site survey should be conducted before undertaking any scheme so that the work could be completed within the specified period.

As per the Haryana Canal and Drainage Act 1974, the flow of any material which corrupts or fouls the water of any canal is prohibited. The State Government issued (July 2003) an order that nobody would be allowed to discharge any treated/ untreated effluent or sewage effluent into any canal. Only treated effluent meeting with prescribed standards<sup>51</sup> shall be allowed to be discharged into drains with the permission of the competent authority.

A project for augmentation of disposal of sewerage for Ellenabad town was sanctioned in January 2010 for a cost of ₹ 15.82 crore by the State Government. As per the detailed project report, the treated effluent of the main Sewage Treatment Plant was to be disposed of by constructing brick masonry/ RCC carrier channel from main disposal works to Ghaggar River. The work<sup>52</sup> was allotted (October 2012) by Executive Engineer, Public Health Engineering Division No. 3, Sirsa to an agency for ₹ 9.99 crore with a time limit of 12 months.

Scrutiny of records showed that the agency completed the work of sewage treatment plant (May 2015) but the work of effluent carrier channel remained incomplete after incurring an expenditure of ₹ 0.20 crore as the farmers protested against the construction of the channel. In the absence of the effluent channel, the treated effluent with Biological Oxygen Demand (BOD) level between 16.4 and

<sup>51</sup> As per Haryana State Pollution Control Board, the permissible standard for discharge of treated water/ sewage in respect of BOD level is 3mg/ltr.

<sup>52</sup> Design, construction, erection, testing & commissioning of 11.5 MLD capacity main pumping station, 7.5 MLD capacity sewerage treatment plant based on moving bed biological reactor technology (attached growth process) complete in all respect including construction of treated sewerage carrier and all contingent Electrical, mechanical, piping and instrumentation works at main pumping station and sewerage treatment plant including at Ellenabad town district Sirsa.

18 was being discharged into a nearby pond for which BOD level should not be more than three (as per the standard adopted by Pollution Control Board). Thereafter, it was being released in the Ellenabad Distributory without any permission from the competent authority and in violation of Haryana Canal and Drainage Act 1974. No expenditure was incurred on account of land as the same was available free of cost from the Government/ Municipal Committee and total expenditure of ₹ 10.59 crore (including cost of sewage treatment plant) has been incurred on the project so far (December 2016).



**Incomplete sewerage scheme Ellenabad due to abandoned effluent channel (April 2016)**

The Department stated (August 2016) that the effluent channel has not been constructed due to strong protest/ objection raised by the farmers adjoining the alignment of the channel and now a technically sanctioned estimate for construction of effluent channel along-with balance work of the scheme has been sent (April 2016) to Government for administrative approval and arranging the funds.

Thus, failure of the Department to ensure availability of land for all components of the project resulted in incomplete works despite expenditure of ₹ 10.59 crore (including cost of sewage treatment plant) and discharge of treated effluent into pond and Ellenabad distributory exposing the residents of the area to unhygienic conditions and health hazards.

### **3.16 Unfruitful expenditure**

#### **Non-adherence to the prescribed checks led to pilferage of iron pipes and non-recovery of ₹ 1.19 crore on account of the pilfered material.**

As per the PWD (Buildings and Roads) Manual, the sectional in charge of the work i.e. Junior Engineer is required to maintain accounts of all the stock and Tools and Plant in his charge, their receipts and issue, register of Material at Site and ensure that no damage takes place to the Government property in his charge. He is also required to keep a vigilant control over expenditure and report the progress of work to his Sub-Divisional Officer either daily or periodically as may be ordered. The Haryana PWD Code also provides for blacklisting of an agency if found guilty of malpractices such as pilfering or unauthorized use or disposal of Government material issued for specific works.

In order to address the problem of shortage of drinking water and to make raw water arrangements, the Public Health Engineering Division, Charkhi Dadri allotted five works of rural water supply to contractors at a cost of ₹ 2.02 crore

during September 2012 to December 2013 and the pipes were to be supplied by the Department. The works were scheduled to be completed between October 2012 and March 2015. Total estimated cost of the works was ₹ 16.07 crore including the cost of material.

Scrutiny of records showed that 68 *per cent* ductile iron pipes were issued (December 2012 to October 2014) in advance of requirement to the respective contractors/ agencies of the above schemes. The contractors/ agencies did not adhere to the time schedule for completion of works and left the works incomplete. The Department levied compensation (July 2014 to March 2015) of ₹ 20.16 lakh as per the contract agreements and also withdrew the work from the contractors/ agencies. An expenditure of ₹ 8.57 crore had been incurred on these works (June 2016).

While making final measurement for preparing final bills of these works to get the balance work executed at the risk and cost of the agencies, it was noticed that DI pipes of various sizes issued to these works amounting to ₹ one crore (recoverable amount of double of issue rate of material and storage charges at the rate of 3 *per cent* as per contract agreement amounting to ₹ 2.03 crore) were missing/ pilfered from the site of the works.

The cost of DI pipes with penal rates (recovery at the double of issue rate of material and storage charges at the rate of 3 *per cent* as per contract agreement) amounting to ₹ 1.54 crore<sup>53</sup> had been placed in Miscellaneous Public Works Advances of the contractors. However, amount of ₹ 0.35 crore has been recovered/adjusted from the running bills/security of the defaulting agencies.

The Department stated (December 2016) that an amount of ₹ 1.19 crore has been placed in Miscellaneous Public Works Advances against the contractor concerned and balance amount has been recovered. However, the fact remains that amount of ₹ 1.19 crore<sup>54</sup> has not yet been actually recovered.

### Science and Technology Department

#### 3.17 Non deposit of interest amount in Government Account

**The Department of Science & Technology remitted ₹ 14.66 crore to the Haryana State Council for Science and Technology for setting up of Science City without identifying site or availability of land. The funds remained outside Government accounts for more than six years till it was re-deposited at the instance of audit. However, interest earned amounting to ₹ 10.37 crore by the Council has not yet been deposited in the Government account.**

As per the Punjab Financial Rules, no money should be drawn from the treasury unless it is required for immediate disbursement or has already been paid out of

<sup>53</sup> ₹ 1.54 crore = 2 times of ₹ 0.76 crore (penal rate) + ₹ 0.02 crore (3 *per cent* storage charges).

<sup>54</sup> ₹ 1.19 crore = ₹ 1.54 crore – ₹ 0.35 crore.

the permanent advance. It is not permissible to draw advance from the treasury for the execution of projects the completion of which is likely to take a considerable time.

Government of India (GOI), Ministry of Culture launched a scheme for setting up of Science Cities with the objective of portraying the growth of science and technology and their application in industry and human welfare with a view towards developing a scientific attitude and to popularize science in the urban and rural areas. Central assistance for new Science Cities was limited to ₹ 30 crore (60 per cent out of total of ₹ 50 crore), which was revised (June 2013) to ₹ 66 crore (60 per cent out of total of ₹ 110 crore). The balance cost was to be borne by the State Government. As per eligibility criteria for setting up Science Cities, the location of Science Cities should be either the State Capital or an important city of the State having a sizeable population of not less than 50 lakh inclusive of population in its vicinity and should draw at least 10 lakh visitors per year. The State Government was to provide at least 25 acres of centrally located and easily accessible fully developed land without any encumbrances free of cost.

Test check of records of Haryana State Council for Science and Technology, Panchkula, showed that a Science City was proposed (December 2009) to be set up at Rohtak and the State Government made efforts<sup>55</sup> to find suitable land for its establishment. In the mean time, the Financial Commissioner and Principal Secretary to Government of Haryana, Science and Technology Department released (March 2010) grants-in-aid of ₹ 14.66 crore for setting up the Science City at Rohtak without ensuring its eligibility and availability of appropriate land as per the scheme guidelines. The amount was drawn by the Department in March 2010 and transferred to the Council.

In July 2010, the Municipal Committee Sampla offered to provide 30 acres of land but the proposal did not find favour with GOI (February 2012) as Sampla town did not fulfill the requirements of the guidelines for setting up of Science City. It was subsequently decided in December 2015 to take up the matter with the State Technical Universities<sup>56</sup> for providing land in their campus. The outcome is awaited (November 2016). All these three stations/cities<sup>57</sup> also do not match the eligibility criteria of the scheme guidelines.

The Council stated (August and September 2016) that ₹ 14.55<sup>58</sup> crore has been deposited into Government account after being pointed out in audit. It added that

<sup>55</sup> (i) December 2009- Haryana State Industrial & Infrastructure Development Corporation Limited was asked to provide land in IMT, Rohtak free of cost but same was refused.

(ii) January 2010- Gram Panchayat Garnawathi next to IMT, Rohtak was approached to provide land on lease basis but same was refused.

<sup>56</sup> Maharishi Dayanand University (MDU), Rohtak; Kurukshetra University, Kurukshetra & Deen Bandhu Chhotu Ram University of Science and Technology, Murthal (Sonapat).

<sup>57</sup> Rohtak; Kurukshetra and Murthal (Sonapat).

<sup>58</sup> ₹ 0.11 crore (₹ 14.66 - ₹ 14.55) was incurred for preparation of feasibility report for setting up of Science City.

interest of ₹ 10.37 crore had been earned by the Council by depositing the grant in fixed deposits/savings accounts at different rates of interest. However, the same is still lying with the Council and yet to be deposited in Government account (November 2016).

The fact remains that ₹ 14.66 crore was drawn and transferred to the Council without ensuring the basic requirements for its utilization. Resultantly, the funds remained unutilized and out of Government account for more than six years and were finally deposited after audit had pointed out the lapse. Further, Council has yet to deposit the interest amounting to ₹ 10.37 crore in the Government account.

The matter was referred to the Government (April 2016). The reply is awaited (December 2016).

**Town and Country Planning Department  
(Haryana Urban Development Authority)**

**3.18 Non-recovery of unearned increase in value of land and annual ground rent**

**Leasing out of land without assessing the unearned increase in value of land by the Haryana Urban Development Authority led to non-recovery of ₹ 417.15 crore. In addition, ground rent of ₹ 10.77 crore including interest also remained unrecovered.**

Regulation 6 of the Haryana Urban Development (Disposal of Land and Buildings) Regulations, 1978, stipulates that in the case of sale or lease of land by auction, the price/premium to be charged shall be such reserve price/premium as may be determined after taking into consideration various factors as indicated in sub regulation (1) of Regulation 4 or any higher amount determined as a result of bidding in open auction. Regulation 4 (1) prescribes that the tentative price/premium for the disposal of land or building by the Authority may be such as may be determined by the Authority taking into consideration the cost of land, estimated cost of development, cost of building and other indirect charges as may be determined by the Authority from time to time. Regulation 9 adds that, in the case of transfer of land/building disposed of on leasehold basis, 50 per cent of unearned increase in the value of land i.e. the difference between the premium and market value of land at the time of transfer shall be paid to the Authority before registering such sale or transfer.

Scrutiny of records of the Chief Town Planner, Haryana Urban Development Authority (HUDA), Panchkula, brought out that a Committee was constituted (July 2009) under the chairmanship of Chief Administrator, HUDA to examine the modalities for inviting technical and financial bids for establishment of an Amusement Park in City Centre, Gurugram. The Committee recommended (July 2009) leasing out the property for a period of 33 years with the condition that the lessee will pay the ground rent every year. The Committee, on the basis of

land cost reported by the Land Acquisition Officer (LAO), Gurugram, also recommended a bid premium of ₹ 106 crore for 58 acres of land (25 acres in Sector 29 and 33 acres in Sector 52A Gurugram). Thereafter, Requests for Proposals were invited through newspapers in August 2009.

Subsequently, it came to notice in September 2009 that 16 acres out of the 33 acres of land earmarked for the amusement park in Sector 52A was under litigation. Accordingly, a corrigendum was issued in newspapers (October 2009) for the 42 acres of clear land. The eligibility criteria set in the Request for Proposal for the individual/firm/company (bidder) was that (i) the bidder should have minimum experience of 10 years in setting up and operating at least one amusement park in India, (ii) the net worth of the bidder should not be less than ₹ 50 crore as on 31 March 2009, (iii) the bidder should have the capacity to invest at least ₹100 crore in the project within one year, (iv) the bidders should have an aggregate turnover of at least ₹ 50 crore from amusement parks in the last five years i.e. up to 2009 as per audited Balance Sheet, and, (v) international tie ups with companies which are world class in their respective areas.

In response, two firms submitted their technical and financial bids. The technical bid of one firm was rejected as it did not qualify the eligibility criteria of condition numbers (i) and (iv) supra. The remaining bidder quoted a rate of ₹ 92 crore against fixed reserve price of ₹ 91 crore which was enhanced (May 2010) to ₹ 94.50 crore after negotiations. Letter of Award was issued in July 2010 and lease agreement was executed on 14 June 2011.

Audit observed the following:

(a) The Authority did not apply provisions of Regulation 9 *ibid* which stipulated deposit of 50 *per cent* of the unearned increase in the value of land with the Authority. The market value of land on the basis of prevalent collector rates of commercial plots worked out to ₹ 928.80 crore and 50 *per cent* of the unearned increase is ₹ 417.15 crore<sup>59</sup>. The amount of ₹ 417.15 crore was neither demanded nor deposited by the Firm.

(b) As per the lease agreement, the lessee was required to implement the project within 24 months from the effective date of lease agreement (June 2011) and annual ground rent was to be paid from 14 June 2013 at the rate of two and half *per cent* per annum of the premium paid by the lessee. In case of delayed payment of premium or ground rent, interest at the rate of 15 *per cent* per annum or such interest as decided by the lessor from time to time was also required to be paid by the lessee. It was noticed that annual ground rent amounting to ₹ 8.07 crore for the period June 2013 to November 2016 had not been paid by the lessee. Hence, ground rent of ₹ 8.07 crore and also interest of ₹ 2.70 crore on the outstanding amount has also become due.

<sup>59</sup> ₹ 928.80 crore (market value) - ₹ 94.50 crore (premium) = ₹ 834.30 crore (unearned increase) divided by 2 (50 per cent) = ₹ 417.15 crore

The Government stated (July 2016) that Regulation 9 of the Haryana Urban Development (Disposal of Land and Buildings) Regulations is not applicable in this case as no transfer of land/buildings disposed of on lease hold basis is involved. Only leasing rights have been given to the lessee and the land will revert back to HUDA upon completion of lease period. It added that HUDA has its own system of calculation of nodal prices/reserve prices taking into consideration land acquisition cost, development cost, administrative charges, etc. and the bid price (premium for leasing of the land) was decided by the Committee constituted for this purpose. It added that no Collector rates have been prescribed by the Revenue Department for recreational land use and audit scrutiny has wrongly compared the lease rates of amusement park with rates of land meant for commercial purposes.

The reply was not tenable as the land was transferred on lease hold basis for a period of 33 years extendable for another 33 years and Regulation 9 is applicable on transfer of land on lease hold basis. Further, HUDA categorised land for price fixation into residential, commercial, industrial, institutional, religious and charitable and there was no separate category for recreational land. As per articles 6 and 7 of the lease agreement, lessee has sole and exclusive right to levy and collect appropriate revenue from users and to utilize the land for property development, commercial exploitation and advertisement at project site. As such, establishment of the amusement park is clearly a commercial venture. Moreover, HUDA has itself categorized this plot as commercial property in its Plot and Property Module.

### **Women and Children Development Department**

#### **3.19 Homes/Centres for Destitute Women and Children**

**There were deficiencies in the implementation of the scheme by the Women and Child Development Department as evident from non-repair of buildings, poor occupancy of rooms, lack of training and education to widows and destitute women to make them economically self reliant. There was poor dissemination of the scheme and lack of proper follow up.**

The Haryana Government introduced (August 1972) the Scheme “Homes for Widows and Destitute Women” to provide shelter, food and clothing, education and training to young widows and destitute women and their children so as to equip them to become economically self reliant and lead a useful and meaningful life as part of main stream society. Admission in the Home was to be given on the recommendation of the Deputy Commissioner concerned after thorough enquiries by the District Programme Officer /Superintendent of Mahila Ashram. The State Government (July 2013) fixed a maximum of five years stay in the Home (initially for three years extendable by another two years) which was revised (June 2015) to initial stay for five years extendable by another three years by Review Committee which was further extendable by five years with the approval of the Committee in cases of destitute women who were mentally or physically

challenged or any other specific case by State Level Committee. There are three Homes for widows and destitute women in the State, one Mahila Ashram each in Karnal, Rohtak and Kasturba Seva Sadan in Faridabad.

The records of the Director, Women and Child Development (WCD) Department, Haryana and all the three Homes<sup>60</sup> for the period 2011-16 were test-checked during December 2015 to March 2016 to ascertain the effectiveness of the implementation of the scheme.

### **3.19.1 Budget and expenditure**

Against the budget provision of ₹ 11.12 crore, the Department has incurred an expenditure of ₹ 9.13 crore (expenditure on three Homes: ₹ 7.45 crore, “Home-cum-Vocational training/production centres for young girls and destitute”: ₹ 1.38 crore, and maintenance of Homes: ₹ 0.30 crore) from 2011-12 to 2015-16. Scrutiny of records showed that out of total expenditure of ₹ 7.45 crore incurred by three Homes, an expenditure of ₹ 6.50 crore (87 *per cent*) was incurred on pay and allowances of staff during the period 2011-16 and only an amount of ₹ 0.95 crore (13 *per cent*) was spent on these Homes.

### **3.19.2 Occupancy in Homes and lack of awareness**

As per scheme guidelines (July 2013), normally a room should accommodate one family consisting of mother and two children. If she has more than two children, another additional room may be given subject to availability. Scrutiny of records showed that occupancy of rooms in three Homes ranged between 60 to 67 *per cent* in Karnal, 34 to 41 *per cent* in Rohtak and 28 to 49 *per cent* in Faridabad during 2011-16 and not even a single application had been received for admission in Kasturba Sewa Sadan Faridabad during 2011-16.

It was further observed that some blocks of homes were completely or partially lying vacant (March 2016) with the result that their conditions have further deteriorated as listed below.

- In Mahila Ashram, Karnal, 31 rooms in Block C were lying vacant since 1999;
- In Mahila Ashram, Rohtak, against the capacity of 48 rooms in barrack B, E, F and H only 5 inmates were living as of 31 March 2016; and
- In Kasturba Sewa Sadan Faridabad, only 11 families were living in 12 rooms against capacity of 39 rooms. Out of 27 vacant rooms, 9 rooms were occupied as offices/ stores of other Departments by the Director WCD, which was not only irregular but was also unsafe, keeping in view security of women.

<sup>60</sup> (i) Mahila Ashram Karnal, (ii) Mahila Ashram Rohtak and (iii) Kasturba Seva Sadan, Faridabad.

The Department had not conducted any survey to identify the needy widows and destitute women in the districts. As of March 2016, total strength of occupants in all three homes was 97 and they all belonged to only 10 out of 21 districts in the State of which in six districts occupancy was ranging between one and six per district and there were no occupants from the remaining 11 districts. It indicates lack of wide publicity of the scheme.

The Director-cum-Special Secretary stated (July 2016) that due to less occupancy, rooms were lying vacant. As regards publicity and awareness, the scheme has been uploaded on the departmental website. Regarding non-conducting of survey, it was stated that to increase the occupancy, the information regarding destitute widows and helpless women will be collected through anganwadi workers.

Audit observed that the scheme was intended for the welfare of poor, helpless, illiterate and destitute women and there was no rationale in only putting the Government notifications on departmental website. More innovative strategies and methods of creating awareness were required to be evolved so that the message could be conveyed to the people requiring such help across the State.

### 3.19.3 Adequacy of infrastructure

There are three Homes at Karnal, Rohtak and Faridabad with 227<sup>61</sup> rooms (March 2016). No assessment of requirement has been carried out nor new Home been constructed so far in the other 18 districts of the State. Admission in Kasturba Sewa Sadan, Faridabad has also been stopped since June 2016.

#### 3.19.3.1 Repair and maintenance works

The maintenance works of building of all the three homes were being done by PWD (B&R) as deposit works. Against the deposit amount of ₹ 44.01 lakh<sup>62</sup> for minor repairs, ₹ 30.42 lakh<sup>63</sup> were spent during 2011-16 by PWD (B&R) for executing various repair works.

|  |   |
|--|---|
|             |   |
| <p><b>Condition of door of toilets in MA Karnal</b><br/>Date of photo 19-01-2016 (11:43AM)</p> | <p><b>Condition of residence of Superintendent including of TV room in KSS Faridabad</b><br/>Date of photo 09-03-2016 ( 3:05PM)</p> |

<sup>61</sup> Karnal: 72, Rohtak: 116 and Faridabad: 39.

<sup>62</sup> Karnal: ₹ 17.51 lakh, Rohtak: ₹ 13.72 lakh and Faridabad: ₹ 12.78 lakh.

<sup>63</sup> Karnal: ₹ 13.79 lakh, Rohtak: ₹ 5.23 lakh and Faridabad: ₹ 11.40 lakh.

It was observed in audit that against the deposit work of ₹ 9.22 lakh during 2014-16 in Mahila Ashram, Rohtak, only an expenditure of ₹ 0.73 lakh was incurred on works and balance amount of ₹ 8.49 lakh has not been spent so far resulting in further deterioration of the condition of buildings. In Kasturba Sewa Sadan Faridabad, expenditure of ₹ 11.40 lakh was incurred on repair of Kasturba Sewa Sadan during 2011-16. Of this, an amount of ₹ 6.99 lakh was provided to PWD (B&R) during 2013-14 for demolition of old residence of Superintendent which was not done. This poses a hazard for the children of widows and destitute women who play in these buildings.

The Government stated (July 2016) that works executed by PWD (B&R) was supposed to be reviewed by concerned District Programme Officers and Superintendent of Homes.

### **3.19.4 Training and Education**

#### **(i) Training to widows and destitute women**

One of the main objectives of the scheme was to provide training to young widows and destitute women with a view to enable them to gain confidence through capacity building and training and to equip them to become economically self-dependant and lead a useful and meaningful life in society. For this purpose, short-term and long term courses and refresher courses were to be arranged to increase skill development of the occupants through Industrial Training Institute.

Scrutiny of records showed that no targets had been fixed by the Department to provide training. Training in tailoring and embroidery trade was imparted to only nine out of 43 widows and destitute women by Mahila Ashram, Rohtak and to five out of 11 by Kasturba Sewa Sadan Faridabad during the period 2011-16. Out of these 14 women<sup>64</sup>, three have left the Home and the remaining 11 trained women could not become economically self dependent after training and were still living in the Homes. The training centre of Mahila Ashram, Karnal was lying closed since February 2007 and the training centre of weaving course in Mahila Ashram, Rohtak was also closed since December 2013 due to retirement of training teacher. No efforts were made by the Department for deputing training teacher. Thus, the very objective of the scheme stood defeated because training provided to occupants was not result oriented.

The Department stated (July 2016) that all the Superintendents of the Homes have been directed to take steps for providing new training as per available skills of the inmates. There is no provision for providing training to the inmates in Mahila Ashram, Karnal as no technical staff is posted there. Director, Technical Education has been requested to provide skill training to the inmates.

<sup>64</sup> Rohtak: 9 and Faridabad: 5

**(ii) Education to women**

The scheme provides for education to young widows and destitute women and their children to enable them to become useful members of society.

It was noticed that in Mahila Ashram Karnal, Rohtak and Kasturba Sewa Sadan, Faridabad, 31 occupants<sup>65</sup> out of 97 occupants (32 per cent) were illiterate. As per scheme guidelines, proper education was to be given to these occupants to enable them to become self reliant. But, the department did not take any initiative towards this end.

The Department stated (July 2016) that most of the inmates were illiterate and do not show any interest in acquiring education through correspondence studies and prefer to work in the neighboring houses as maid while some of the inmates were involved in stitching or canning in order to earn. The DPO and Superintendent of the Home will be directed to take initiative for motivating the inmates to persuade studies. The reply was not convincing as there was no evidence to indicate that the Department had made any serious efforts to educate them. Resultantly, the occupants are bound to work in the neighboring houses. Although 18 occupants were living for more than 15 years, they too were not educated due to lack of serious initiative by the Department to address the problem.

**3.19.5 Follow up action and monitoring**

As required under Orphanages and other Charitable Homes Act, 1960, rules/regulations had not been framed and Board of Control has not been established to implement the Act effectively. Seventy three occupants<sup>66</sup> had left the homes during 2011-16 of which 47 inmates<sup>67</sup> left the centre without proper reasons. No data for such inmates was maintained to ascertain whether they had become self dependant or not. Annual review of inmates in Mahila Ashram, Karnal for the year 2012 and 2015 was also not conducted.

The Government stated (July 2016) that formulation of Rules were under consideration and inmates would be motivated to learn skills during their stay to make them self reliant.

**3.19.6 Conclusion**

The Department failed to implement the scheme as evident from cases of non repair of buildings, poor occupancy of rooms, lack of training and education to widows and destitute women to make them economically self reliant. There was poor dissemination of the scheme and lack of proper follow up.

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<sup>65</sup> Karnal: 10, Rohtak: 16 and Faridabad: 5

<sup>66</sup> Karnal-35, Rohtak-25 and Faridabad-13

<sup>67</sup> Karnal-27, Rohtak-7 and Faridabad-13

### 3.20 *Beti Bachao Beti Padhao Scheme*

**Target of improving the sex ratio at birth, increasing girls' enrolment in secondary education and 100 per cent re-enrolment of drop-out girls could not be fully achieved. Besides, implementation of Pre-Conception & Pre-Natal Diagnostic Techniques Act needed strengthening.**

*Beti Bachao Beti Padhao* (BBBP) was launched on 22 January 2015 at Panipat in Haryana. The objectives of the scheme were to prevent gender biased sex selective elimination, ensure survival, protection, education and participation of girl child. The scheme was to be implemented through mass campaign, focused intervention and multi sectoral action in 100 selected gender critical districts of India out of which 12<sup>68</sup> districts were from Haryana. Eight<sup>69</sup> more districts of the State were also included under the scheme in February 2016.

BBBP is a centrally sponsored scheme with 100 per cent financial assistance to the State Governments. The financial assistance was to be released in two installments. Initially, budget was to be allocated according to proposals of State Government and further release was to be made bi-annually after receiving the statement of expenditure and utilization certificate. Against the budget provision of ₹ 14.28 crore, ₹ 8.08 crore were released by Government of India (GOI) and expenditure of ₹ 5.31 crore was incurred from January 2015 to March 2016.

The records of the office of the Director, Women and Child Development Department (WCD) and three districts out of 20<sup>70</sup> districts covering a period from January 2015 to March 2016 were test checked in audit to assess implementation and impact of the scheme. Two districts (Mahendragarh and Panipat) were selected on the basis of lowest and highest Child Sex Ratio (CSR) as per Census 2011 and third (Sonapat) on the basis of maximum expenditure incurred (during January 2015 to December 2015).

#### 3.20.1 *Diversions of funds*

As per the scheme guidelines, ₹ five lakh were to be provided to each district through Health Department to strengthen the district Pre-conception and Pre-Natal Diagnostic Technique (PC & PNDT) Cell, monitoring, research studies, information, education and communication activities.

Audit observed that funds of ₹ five lakh were released (January 2015) by District Programme Officer, WCD, Panipat to Civil Surgeon, Panipat for the aforesaid objectives out of which ₹ 3.01 lakh were spent on preparation of “Theme Gate” for the entrance at Panipat on the occasion of the launching of the scheme. Thus,

<sup>68</sup> 1. Mahendragarh, 2. Jhajjar, 3. Rewari, 4. Sonapat, 5. Ambala, 6. Kurukshetra, 7. Rohtak, 8. Karnal, 9. Yamunanagar, 10. Kaithal, 11. Bhiwani and 12. Panipat.

<sup>69</sup> 1. Gurugram, 2. Jind, 3. Faridabad, 4. Hisar, 5. Fatehabad, 6. Sirsa, 7. Panchkula 8. Palwal.

<sup>70</sup> Districts were selected out of the 12.

the expenditure incurred on the 'Theme Gate' was irregular and tantamount to diversion of funds. Further, it was observed that an expenditure of ₹ 21.24 lakh was incurred (January 2015) by the WCD Department from funds of the scheme for the purchase of 1,800 laptop bags and 2,900 mugs. There was no provision in the scheme for purchase of these items.

The department stated (October 2016) that the purchase of lap-top bags and mugs was made for wide publicity of the scheme, all the material was printed with the logo “BBBP” and it was distributed to the participants<sup>71</sup> from all over India. The reply was not convincing because purchase and distribution of laptop bags/mugs was against the provisions of the scheme as the expenditure was to be incurred on innovation and awareness activities.

### **3.20.2 Implementation of the scheme**

#### **(i) Prevention of gender biased sex selective elimination**

##### **(a) Enforcement of Pre-Conception & Pre-Natal Diagnostic Techniques Act**

The scheme guidelines provided for effective implementation of Pre-Conception & Pre-Natal Diagnostic Techniques Act at National/State/ Districts levels. Audit observed the following:

- As per the guidelines, anonymous online complaint portal was to be made functional by September 2014 but it has not been set up in any of the test checked gender critical districts. Only seven complaints regarding unregistered doctors operating ultrasound machines and illegal activities under Pre-Conception & Pre-Natal Diagnostic Techniques Act were received during 2014-16 in these districts. Non provision of the facility of anonymous online complaint portal diluted the monitoring capability of the Department.
- As per scheme guidelines, District Pre-Conception & Pre-Natal Diagnostic Techniques Cells were to be strengthened with technical manpower and equipment. No action had been initiated by the Department to strengthen the Pre-Conception & Pre-Natal Diagnostic Techniques Cells in the three test checked districts.
- Although no specific targets have been mentioned in the guidelines in respect of conducting inspections/ checking of Diagnostic Centres, it is necessary to fix targets of monthly/ quarterly inspections for proper monitoring. However, no targets have been fixed by the Department. During January 2015 to March 2016, 754 inspections were conducted by the Health Department in the three test checked districts. On the basis of complaints received and investigation of the complaints by the Department, registration of 40 diagnostic centres was cancelled/ suspended and 24 centres seized and sealed by the Health Department,

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<sup>71</sup> Chief Ministers/ Ministers/ Administrative Secretaries/ Head of the Departments/ Professors of different States and Media persons in Haryana.

FIRs have been lodged in 14 cases and nine court cases have been filed by the Department during January 2015 to March 2016.

- The guidelines envisage that review meetings, field inspections and monitoring would be carried out every three months in all the identified districts by State Inspection and Monitoring Committee. It was noticed that only one meeting was held during January 2015 to March 2016 in the State and no meeting was held in the test checked districts against the requirement of five meetings indicating that the Department did not monitor the scheme adequately.

Director General Health Services stated (September 2016) that no instructions had been received from GOI pertaining to fixing of physical targets by State Government for effective implementation of PC&PNDT Act and even otherwise it is not practically feasible to fix the targets of apprehending violators of PC & PNDT.

**(ii) Education to girl child**

**(a) Non-distribution of awards to schools**

As per the guidelines, awards were to be given to five schools every year in each gender critical district at the rate of ₹ one lakh per school through Education Department of respective district for strengthening and promoting girl's education. The awards would be given on the basis of efforts made by the School Management Committees to enroll unenrolled girls and bring back drop out girls.

Scrutiny of records showed that in the three selected districts, against the target of giving awards of ₹ 15 lakh, the Department distributed awards of ₹ one lakh<sup>72</sup> during 2015-16.

The Director, WCD Haryana stated (July 2016) that the GOI had released only ₹ 2.50 lakh per district against the norm of ₹ five lakh per district during the year 2015-16.

The reply was not convincing because GOI released ₹ five lakh per district (₹ 2.50 lakh in January 2015 and ₹ 2.50 lakh in November 2015) for this purpose, but State Government spent the funds at headquarters' level on other components of the scheme like workshop-cum-seminar at Panipat and released only ₹ 2.50 lakh to each district. Thus, the objective of the scheme to encourage and promote education of the girl child was diluted.

**(b) Girls' enrolment in secondary education**

The guidelines provided that girls' enrolment in secondary education (9th to 12th class) should be increased from 76 per cent in 2013-14 to 79 per cent by 2017. Position of percentage of girls' enrolment in secondary education in three test checked districts was as in **Table 3.4** below:

<sup>72</sup> Mahendragarh: Nil; Panipat: ₹ 2.50 lakh and Sonapat: ₹ 2.50 lakh.

**Table No 3.4: Position of girls' enrolment in secondary education**

| District     | 2014-15 (Session)                                 |   |  | 2015-16 (Session)                                 |   |  |
|--------------|---|---|--|---|---|--|
|              | Total Population of girls (age group 14-17 years) | No. of girls enrolment in secondary education | Percentage of girls enrolment in secondary education | Total population of girls (age group 14-17 years) | No. of girls enrolment in secondary education | Percentage of girls enrolment in secondary education |
| Panipat      | 45,574  | 29,363  | 64.42  | 46,720  | 30,079  | 64.38  |
| Mahendragarh | 35,476  | 27,616  | 77.84  | 34,902  | 26,076  | 74.71  |
| Sonepat      | 52,178  | 40,510  | 77.63  | 52,620  | 40,393  | 76.76  |

(Source: Information supplied by Director, Secondary Education and concerned DEOs)

The figures indicate that the percentage of girl's enrolment in secondary education in the selected districts decreased in 2015-16 as compared to 2014-15. The department stated (July 2016) that a study camp in Kerala at Cherthala coast was organized during January 2016 for meritorious girl students of various Government Schools, 36 Middle/ High Schools have been upgraded to Senior Secondary level in difficult areas of Mewat and Morni for promotion of girl's education and celebration of birthdays of girl students, cultural study tours and excursions for meritorious girls were planned for their encouragement and all round development.

**(c) Re-enrolment of drop-out girls in Secondary Schools**

Director and Special Secretary, Secondary Education directed (July 2015) all the DEOs to ensure zero drop-out and 100 *per cent* retention of girls upto secondary education. For this purpose, campaign to re-enroll drop out girls in secondary schools were to be organized. It was observed in audit that the target of ensuring zero drop-out and 100 *per cent* retention of girl could not be achieved in three selected districts. Position of re-enrolment of drop-out girls of 10<sup>th</sup> & 12<sup>th</sup> classes of test-checked districts during 2014-15 and 2015-16 was as in **Table 3.5** below:

**Table No.3.5: Position of re-enrolment of drop-out girls of 10th and 12th Classes**

| District     | 2014-15                     |                             |                                 |                               |                             |                             |                                 |                               |
|--------------|-----------------------------|-----------------------------|---------------------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------------|-------------------------------|
|              | 10 <sup>th</sup> class      |                             |                                 |                               | 12 <sup>th</sup> class      |                             |                                 |                               |
|              | Total No. of drop-out girls | No. of drop-out re-enrolled | No. of drop-out not re-enrolled | Percentage of not re-enrolled | Total No. of drop-out girls | No. of drop-out re-enrolled | No. of drop-out not re-enrolled | Percentage of not re-enrolled |
| Panipat      | 1,075                       | 515                         | 560                             | 52                            | 318                         | 49                          | 269                             | 85                            |
| Sonepat      | 1,461                       | 598                         | 863                             | 59                            | 804                         | 283                         | 521                             | 65                            |
| Mahendragarh | 1,252                       | 1,150                       | 102                             | 8                             | 1,137                       | 925                         | 212                             | 19                            |

| 2015-16      |                             |                             |                                 |                               |                             |                             |                                 |                               |
|--------------|-----------------------------|-----------------------------|---------------------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------------|-------------------------------|
| District     | 10 <sup>th</sup> class      |                             |                                 |                               | 12 <sup>th</sup> class      |                             |                                 |                               |
|              | Total No. of drop-out girls | No. of drop-out re-enrolled | No. of drop-out not re-enrolled | Percentage of not re-enrolled | Total No. of drop-out girls | No. of drop-out re-enrolled | No. of drop-out not re-enrolled | Percentage of not re-enrolled |
| Panipat      | 1,212                       | 977                         | 235                             | 19                            | 392                         | 309                         | 83                              | 21                            |
| Sonepat      | 380                         | 163                         | 217                             | 57                            | 232                         | 50                          | 182                             | 78                            |
| Mahendragarh | 759                         | 205                         | 554                             | 73                            | 369                         | 82                          | 287                             | 78                            |

(Source: Information supplied by Director, Secondary Education and concerned DEOs)

The analysis of above data showed that position of re-enrolment of drop-out girl students improved during 2015-16 in Panipat district in both the classes and in Sonapat it improved for 10<sup>th</sup> class only whereas it deteriorated in Mahendragarh in both the classes, and in 12<sup>th</sup> class in Sonapat district in comparison to year 2014-15.

The Department stated (July 2016) that special enrolment drive for out-of-School children especially for girls under the scheme has been started with the involvement of NCC, NSS, scout and guide volunteers. 'Yuva Prerak Smooh' have been created in various schools to identify school children specially girls who had left the school and to get them enrolled in schools under the guidance of teacher with the help of school.

**(d) Monitoring of multi sectoral implementation of scheme**

The State Government is implementing seven major schemes<sup>73</sup> with the objective of improving the status of girl child, correcting the demographic distortions of decreasing sex ratio in the State and to meet the sociological and health needs of the girl child. With a view to co-ordinate the multi-sectoral implementation of the scheme, State Task Force (STF) and District Task Force (DTF) were constituted (February 2015). Quarterly meetings were to be held by STF and DTF for this purpose.

It was observed that there was shortfall in holding of meetings and only one meeting of STF and three, one and three meetings of DTF in Panipat, Mahendragarh and Sonapat districts respectively were held between January 2015 and March 2016 against the requirement of holding five meetings each by DTF and STF.

**(e) Documentation of activities**

The guidelines provide that to ensure accountability and for service improvement, it was important to document all activities conducted at the District, Block and

<sup>73</sup>

(i) Ladli Scheme merged in "Aapki Beti Hamari Beti" w.e.f. 22 January 2015, (ii) Kishori Shakti Yojna, (iii) SABLA, (iv) Adolescent Girl award, (v) Indira Gandhi Priyadarsini Vivah Shagun Scheme, (vi) Ladli Social Security Allowance and (vii) Yoga Classes and Self Defence Training for girls.

Gram Panchayat level relating to the Scheme and campaign.

Scrutiny of records revealed that in three WCDPO<sup>74</sup>, various IEC activities<sup>75</sup> relating to implementation of the scheme were carried out by the three Women and Child Development Project Officers during 2014-15 and 2015-16, but these were not documented. In the absence of proper documentation, implementation of various activities of the scheme could not be vouchsafed in the audit.

### 3.20.3 Impact

#### 3.20.3.1 Shortfall in achievement of targets of sex ratio

The guidelines provided for improving the sex ratio at birth (SRB) in gender critical districts by 10 points in a year. The Director General, Health Services, Haryana, identified (May 2015) the Civil Registration System as source and approved December 2014 as baseline data for measuring the Child sex ratio/ sex ratio at birth. The position of targets and achievements regarding Sex Ratio at Birth in respect of three selected districts was as in **table 3.6** below:-

**Table No.3.6: Targets and achievements of sex ratio at birth**

| Sr. No. | Name of District | Baseline data (December 2014) | Targets (December 2015) by adding 10 points in a year as per guidelines | Achievements  |            |
|---------|------------------|-------------------------------|---|---------------|------------|
|         |                  |                               |   | December 2015 | March 2016 |
| 1.      | Panipat          | 892                           | 902   | 892           | 881        |
| 2.      | Mahendragarh     | 745                           | 755   | 810           | 787        |
| 3.      | Sonepat          | 847                           | 857   | 865           | 923        |

(Source: Chief Registrar, Births & Deaths, Haryana and Information supplied by Health Department)

As evident from above, the ratio in Panipat District was 892 against the target of 902 as of December 2015 which further decreased to 881 as of March 2016. In district Mahendragarh, against the target of 755, achievement was 810 in December 2015 and it decreased to 787 in March 2016. However, in district Sonapat, sex ratio had increased.

Audit noted that the BBBP scheme was introduced only in January 2015 and improvement in the sex ratio in the State could not be attributed solely to the scheme. The sex ratio has been increasing steadily for the last four years for the State as a whole from 833 in 2011 to 876 in 2015 due to impact of several other schemes relating to girl child which were being implemented in the State for last many years.

<sup>74</sup> Panipat (Rural), Mahendragarh (Rural) and Sonapat (Rural-1).

<sup>75</sup> Nukked Natak, Prabhat Fherri Rally, celebration of Beti Janmotsav, Kuan Pujan etc.

**3.20.4 Conclusion**

Audit noted that it was as yet too early to assess the impact or effectiveness of the Scheme. There was scope for improved and more concerted implementation of the various elements of the newly introduced scheme as evident from target for improving the sex ratio at birth in Panipat and Mahendragarh, increasing girl's enrolment in secondary education and 100 *per cent* re-enrolment of drop-out girls in three test checked districts viz Panipat, Mahendragarh and Sonapat has so far not been achieved. Further, requisite infrastructure to prevent gender biased sex selections as envisaged under Pre-Conception & Pre-Natal Diagnostic Techniques Act has yet to be fully put in place.



(Mahua Pal)

Chandigarh

Dated: 07 FEB 2017 Principal Accountant General (Audit), Haryana

Countersigned



(Shashi Kant Sharma)

New Delhi

Dated: 09 FEB 2017 Comptroller and Auditor General of India