

**Report of the
Comptroller and Auditor General of India
on
General and Social Sector**

**Government of Karnataka
Report No.10 of the year 2014**

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2014 has been prepared for submission to the Governor of Karnataka under Article 151 of the Constitution.

The report contains significant results of the performance audit and compliance audit of the Departments and Autonomous Bodies of Departments of the Government of Karnataka under the General and Social Services including Departments of Education, Home, Horticulture, Housing, Kannada & Culture, Medical Education, Minority Welfare, Revenue and Urban Development.

The instances mentioned in this report are those, which came to notice in the course of test audit for the period 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to period subsequent to 2013-14 have also been included, wherever found necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



CHAPTER-I

INTRODUCTION

CHAPTER-I

INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programmes and activities and compliance audit of Government Departments and Autonomous Bodies.

Compliance audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with. On the other hand, performance audit, besides conducting a compliance audit, also examines whether the objectives of the programme/activity/Department are achieved economically and efficiently.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit findings are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected schemes, significant audit observations made during the compliance audit and follow-up on previous Audit Reports. Chapter-II of this report contains findings arising out of performance audit of selected programmes/activities/Departments. Chapter-III contains findings arising out of information systems audit in selected Government audit and Autonomous Bodies. Chapter-IV contains observations arising out of compliance audit in Government Departments and Autonomous Bodies.

1.2 Auditee Profile

The Principal Accountant General (General & Social Sector Audit), Karnataka, Bengaluru conducts audit of the expenditure under the General and Social Services incurred by 66 Departments in the State and 11 Autonomous Bodies. The Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners and subordinate officers working under them.

The summary of fiscal transactions during the year 2012-13 and 2013-14 is given in **Table-1** below.

Table-1: Summary of fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2012-13	2013-14		2012-13	2013-14		
Section-A: Revenue				Total	Non-Plan	Plan	Total
Revenue receipts	78,176.22	89,542.53	Revenue expenditure	76,293.26	62,219.74	26,969.83	89,189.57
Tax revenue	53,753.56	62,603.53**	General Services	20,180.85	24,794.03	160.38	24,954.41
Non-tax revenue	3,966.10	4,031.90	Social Services	30,419.80	17,813.32	14,808.57	32,621.89
Share of union taxes/duties	12,647.14	13,808.28	Economic Services	21,674.19	16,742.34	9,850.49	26,592.83
Grants-in-aid and contributions from GOI	7,809.42	9,098.82	Grants-in-aid and contributions	4,018.42	2,870.05	2,150.39	5,020.44
Section – B: Capital and others:							
Misc. Capital receipts	33.04	87.94	Capital outlay	15,478.47	326.75	16,620.11	16,946.86
			General services	589.47	27.79	472.95	500.74
			Social services	2,915.99	(-0.14)	3,052.82	3,052.68
			Economic services	11,973.01	299.10	13,094.34	13,393.44
Recoveries of loans and advances	157.61	109.28	Loans and advances disbursed	1,102.37	25.82	669.61	695.43
Public debt receipts*	13,464.66	17,286.81	Repayment of public debt*	3,727.06	3,816.84	---	3,816.84
Contingency Fund	0.51	--	Contingency Fund	--	--	--	---
Public Account receipts	1,07,548.81	1,20,712.85	Public Account disbursements	1,01,877.94	--	--	1,12,971.74
Opening cash balance	9,609.49	10,511.24	Closing cash balance	10,511.24	--	--	14,630.21
Total	2,08,990.34	2,38,250.65	Total	2,08,990.34			2,38,250.65

(Source: Finance Accounts 2013-14.)

* Excluding net transactions under ways and means advances and overdraft.

** Tax Revenue include ₹ 1,008.74 crore, being the book adjustment relating to M/s. Hindustan Aeronautics Limited, Bengaluru (HAL) for ₹ 1,008.53 crore treating the same as waiver, and ₹ 0.21 crore being the waiver of tax and interest dues pertaining to ammonium nitrate dealers.

1.3 Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (DPC) Act, 1971. C&AG conducts audit of expenditure of the Departments of Government of Karnataka under Section 13¹ of the C&AG's (DPC) Act. C&AG is the sole auditor in respect of 11 Autonomous Bodies which are audited under Sections 19(2)² and 19(3)³ of the C&AG's (DPC) Act. In addition, C&AG also conducts audit of 298 other Autonomous Bodies, under Section 14⁴ of C&AG's (DPC) Act, which are

¹ Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts.

² Audit of the accounts of Corporations (not being Companies) established by or under law made by the Parliament in accordance with the provisions of the respective legislations.

³ Audit of accounts of Corporations established by law made by the State Legislature on the request of the Governor.

⁴ Audit of (i) all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated fund of the State in a financial year is not less than ₹ one crore.

substantially funded by the Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the C&AG.

1.4 Organisational structure of the Office of the Principal Accountant General (G&SSA), Karnataka, Bengaluru

Under the directions of the C&AG, the Office of the Principal Accountant General (General & Social Sector Audit), Karnataka, Bengaluru conducts audit of Government Departments/Offices/Autonomous Bodies/Institutions under the General and Social Sector which are spread all over the State. The Principal Accountant General (General & Social Sector Audit) is assisted by three Group Officers.

1.5 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various Departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

During 2013-14, in the General & Social Sector Audit Wing, 6,507 party days were used to carry out audit of 375 units and to conduct two performance audits.

1.6 Significant audit observations

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in selected Departments which impact the success of programmes and functioning of the Departments. Similarly, the deficiencies noticed during compliance audit of the Government Departments/Organisations were also reported upon.

1.6.1 Performance audits of programmes/activities/Departments

The present report contains two performance audits. The highlights are given in the following paragraphs:

1.6.1.1 Role of Karnataka Slum Development Board in improvement and clearance of slums in the State

The Karnataka Slum Areas (Improvement and Clearance) Act, 1973 was enacted by the State Government for the improvement and clearance of slums in the State. A performance audit was conducted to evaluate the effectiveness of the role of the Karnataka Slum Development Board in holistic improvement of the notified slums and improving basic municipal services such as water, sanitation, water connection, storm drainage, street lighting, paved side walls and roads for emerging access for improving the living conditions of the slums. The performance audit showed the following:

- The slum policy initiated by the Board during 2011-12 was yet to be approved by the Government despite lapse of more than 2 ½ years.
- Absence of any mechanism for prevention of growth of slums resulted in three fold growth of slums since 2001.
- The Board did not have system to monitor the receipt of Slum Improvement Cess from various Local Bodies and development authorities. Also, Board had not prepared any action plan of works to be implemented out of the cess amount received.
- Absence of comprehensive database/slum profile resulted in non-preparation of comprehensive plan for slum improvement/clearance. The Board also had no norms for identification/prioritisation of slums for improvement.
- The slum improvements taken up under the schemes which provided for holistic development such as BSUP and IHSDP was more effective than schemes under VAMBAY, HUDCO, *etc.*, which provided only for construction of houses.
- The improvement of slums was taken up by the Board belatedly in an partial, intermittent and disintegrated manner, as a result of which the slums continue to retain the slum characteristics for a longer period of time. Of the inspected slums, 77 *per cent* continue to retain the characteristics of slums even after a lapse of more than 20-40 years of their being notified.
- The Board failed to de-notify and handover the developed slums to the Urban Local Bodies concerned for their upkeep, maintenance and providing civic amenities. Though, out of 43,438 houses undertaken for construction in 286 slums under BSUP/IHSDP schemes, 39,115 houses were completed and occupied, the Board failed to de-notify and handover the slums to Urban Local Bodies.

-
- The Board did not implement the IEC activities in all the slums taken up for improvement.

(Paragraph 2.1)

1.6.1.2 Water Supply Management by the Bangalore Water Supply and Sewerage Board with special emphasis on Cauvery Water Supply Scheme, Stage IV, Phase II and Greater Bangalore Water Supply Project

The Bangalore Water Supply and Sewerage Board (Board) was established (October 1964) for providing water supply and sewerage system to the Bengaluru city. The Board had been implementing various projects for providing water supply to the city. A performance audit of the water supply management by the Board with special emphasis on two projects viz., Cauvery Water Supply Scheme, Stage IV, Phase II and Greater Bangalore Water Supply Project during 2009-14 showed the following:

- The Board had prepared a Water Supply and Conservation Management Plan in 2002, but it was yet to implement many of its recommendations viz., formulation of Drought and Emergency Management Plan which addresses the issue of conservation of water.
- Though the Board initiated action to bridge the gap between demand and supply, it could not match the shortfall mainly due to restrictions on drawal of water from the river Cauvery and also due to rapid growth of population in the city.
- The Board had initiated Distribution Network Improvement Programme and Slum Development component under CWSS Stage IV, Phase II to reduce Unaccounted for Water (UFW). However, delay in commencing the programmes not only resulted in escalation of cost but also non achievement of objective of reducing the UFW.
- Delay in completion of various works of Sewerage Management Plan resulted in sewage being discharged into the storm water drain thereby polluting the ground water.
- The estimates prepared by the Board were unrealistic as they were inflated on account of unnecessary provisions in the estimate and adoption of incorrect rates.
- Further, adoption of inappropriate indices for price adjustment factor, execution of work of different specification and non-compliance with standards resulted in excess payment and also undue benefit to contractor.
- Central Water Testing Laboratory which was understaffed and lacked infrastructure could only partly comply with the testing of water quality as prescribed in CPHEEO manual.

(Paragraph 2.2)

1.6.2 Information Systems audit

The present report contains one Information Systems audit and the significant audit findings are given below.

1.6.2.1 Police IT 2000

The project which was to go live by May 2005 was implemented in January 2011, after a delay of about six years. The Administration Module, which required huge modifications was yet to be implemented in full due to insufficient co-ordination and control over requirement gathering. Conducting user acceptance test without correlating the input screens with various reports generated resulted in unreliable data and report. The system was not effective in ensuring data integrity as it lacked validation controls in many modules, permitted un-authorized edits without audit trails and defective user interface. Further, the Department has not been able to enforce adoption of features in Training module, Finance module, Stores module *etc.*, and hence were used in limited manner by the end users.

(Paragraph 3.1)

1.6.3 Compliance audit

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of the Government Departments/Organisations. Some significant audit findings are as under:

1.6.3.1 Functioning of Public Libraries in Karnataka

The Department did not amend its Karnataka Public Libraries Act, 1965 in order to enable the levy of library cess. Further, the Department failed to monitor the collection and remittance of library cess by the Urban Local Authorities. Despite availability of land, the Department had no action plan for construction of its own buildings although 78 City Central Libraries and 72 District Central Libraries were operating from rented buildings. The books acquired from publishers, which were required to be kept in the State Central Library as reference books, were kept in godowns for want of space thereby depriving the readers of their usage. Procurement of various equipments had been made at rates which were much higher than the market rate. No plans were conceived to preserve and protect the life of precious books. Periodic physical verification of books was not conducted and hence category-wise actual number of books in possession of libraries was not known. No centralised digital catalogue existed to enable efficient direct search.

(Paragraph 4.1)

1.6.3.2 Property Management by the Karnataka State Board of Auqaf

The Board had not framed regulations for registration of Auqaf. The Board did not follow the procedures for updating the records in the concerned land office having jurisdiction of the Waqf properties. This resulted in sale/transfer of Waqf properties after their registration by the Board.

The survey of Waqf properties was commenced only during 2001 and as of April 2014, only 60 *per cent* Waqf properties had been surveyed. Further, non-completion of survey resulted in alienation as well as encroachment of Waqf properties.

By not initiating legal action challenging the provisions of the Karnataka Inam Abolition Act, 1955 or the notification issued during January 1960, as per which the lands stood vested in the State Government and the land had been granted to eligible persons under the Karnataka Land Grant Rules, 1969, the Board does not have a 'right' in respect of 57,043-02 acres of land across the State.

There was an outstanding loan of ₹ 5.53 crore pending against 35 Waqf institutions. Due to non-availability of information on number of works completed, copies of completion certificate/utilisation certificates and inspection reports in case of all completed works, the amount spent on educational schemes out of the enhanced income, year-wise increase in Waqf fees, *etc.*, whether, the Waqf institutions which had availed loan from Central Waqf Council, fulfilled the conditions stipulated was not ascertainable. Contrary to the existing provisions, there were a number of transgressions in respect to period of lease fixation and recovery of lease rent, even with reference to commercial establishments. Also, the monitoring and internal mechanism in the Board was ineffective.

(Paragraph 4.2)

1.6.3.3 Other audit observations

Fifty one Grant-in-aid colleges irregularly retained tuition and laboratory fees of ₹ 23.97 crore collected from students without remitting it to the joint accounts with Director of Collegiate Education. The Commissioner, Collegiate Education routinely released grants to these colleges without adjusting the amounts retained by the colleges against the grants.

(Paragraph 4.3)

The Government delayed the decision to swap higher interest bearing loans with Housing and Urban Development Corporation Limited resulting in payment of higher rate of interest for more than two years and avoidable additional interest payment of ₹ 4.77 crore.

(Paragraph 4.4)

An effective emergency responsive system to handle public distress could not be established due to entrustment of the project to the Karnataka State Police Housing Corporation which lacked the expertise in the field and resulted in blocking of funds of ₹ 3.66 crore for over three years.

(Paragraph 4.5)

Inordinate delay in handing over site and issuing structural drawings for the Post Graduate Centre, Kolar led to stoppage of work by the contractor midway and cost overrun of ₹ 1.59 crore apart from depriving the students of intended facilities.

(Paragraph 4.6)

M/s.Greenlife International, a society registered for establishing an International Agricultural Trade Fair Centre at Poojenahally received grants from the Government year after year even though it had huge unspent grants (₹ 8.38 crore). The project also failed to take off due to unresolved land disputes. Further, investment of unutilised amount in low yielding savings account led to potential loss of ₹ 1.95 crore.

(Paragraph 4.8)

The project 'Kalagrama' remained incomplete even after incurring an expenditure of ₹ 10.25 crore over the period 2000-2014. This resulted in non-achievement of objectives and rendered the expenditure already incurred unproductive.

(Paragraph 4.9)

Incurring of expenditure to the tune of ₹ 89.52 crore towards procurement of UPS, LCD Projector and Mini MFD Printers even before setting up of site or procurement of computer resulted in locking up of Government funds. Besides, delay in the implementation of the Information and Communication Technology in School Education (ICT) Phase III resulted in cost overrun of ₹ 60.56 crore apart from denying computer education to the students for five years.

(Paragraph 4.11)

Government land measuring 18 acres 20 guntas and valued at ₹ 22.20 crore was bifurcated from Survey No.49 of Anjanapura Village, Bengaluru South in favour of six persons. However, files relating to the bifurcation were not available with the jurisdictional revenue officer.

(Paragraph 4.12)

Failure of the Bangalore Water Supply and Sewerage Board to renew the expired lease agreements of its tenants and non-revision of rent resulted in loss of ₹ 2.03 crore.

(Paragraph 4.16)

Irregular appointment of Officers by Bangalore Development Authority in excess of sanctioned strength in various cadres resulted in excess payment of ₹ 3.56 crore.

(Paragraph 4.17)

Bangalore Development Authority awarded compensation of ₹ 2.42 crore to 10 land owners of Survey No.49 of Anjanapura Township. However, at the

time of payment of compensation, documents necessary to ensure that compensation was disbursed to legally entitled persons had not been obtained.

(Paragraph 4.18)

Even five years after its completion, the built up office space at Banashankari II Stage, Bengaluru at a cost of ₹ 2.81 crore remained largely un-allotted, rendering the expenditure incurred unproductive.

(Paragraph 4.19)

Karnataka Urban Water Supply and Drainage Board continued to provide water supply at pre-revised rates to industrial organisations inspite of the State Government revising the water tariff in July 2011. This resulted in loss of revenue of ₹ 17.06 crore in respect of water supplied to three industries.

(Paragraph 4.20)

Government allotted 54 acres 20 guntas of land to Indian Institute for Human Settlements at a concessional rate disregarding the provisions of various Acts and Rules. This irregular allotment resulted in undue benefit of ₹ 30.98 crore to the Institute.

(Paragraph 4.21)

1.7 Lack of responsiveness of Government to Audit

1.7.1 Inspection reports outstanding

The Hand Book of Instructions for Speedy Settlement of Audit Observations issued by the Finance Department in 2001 provides for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, *etc.*, noticed during the inspections. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs, rectify the defects and omissions promptly and report their compliance to the AG, who forwards a half yearly report of pending IRs to the Secretary of the Department to facilitate monitoring of the audit observations.

As of 31 March 2014, 411 IRs (2,376 paragraphs) were outstanding against Revenue Department. Year-wise details of IRs and paragraphs outstanding are detailed in **Appendix-1.1**.

A review of the IRs, pending due to non-receipt of replies from the Department, showed that the Heads of Offices had not sent even the initial replies in respect of 411 IRs containing 2,376 paragraphs issued between 1984-85 and 2013-14, though all IRs were required to be replied to within a period of one month from the date of their receipt.

1.7.2 Response of Departments to the draft paragraphs

The Draft paragraphs and Performance audit reports were forwarded demi-officially to the Principal Secretaries/Secretaries of the concerned Departments between June and October 2014 with the request to send their responses within six weeks. Government replies have been received for one Information Systems audit and seven out of 19 paragraphs featured in this Report. The replies, wherever received, have been suitably incorporated in the Report.

1.7.3 Follow-up action on Audit Reports

The Hand Book and the Rules of Procedure (Internal Working), 1999 of the Public Accounts Committee provide for furnishing by all the Departments of Government, detailed explanations in the form of Action Taken Notes (ATNs) to the observations which feature in Audit Reports, within four months of their being laid on the Table of Legislature to the Karnataka Legislature Secretariat with copies thereof to Audit Office.

The Administrative Departments did not comply with these instructions and 15 Departments as detailed in **Appendix-1.2** had not submitted ATNs for 47 paragraphs for the period 1996-97 to 2012-13 even as of October 2014.

1.7.4 Paragraphs to be discussed by the Public Accounts Committee

Details of paragraphs (excluding General and Statistical) pending discussion by the Public Accounts Committee as of October 2014 are detailed in **Appendix-1.3**.



CHAPTER-II

PERFORMANCE AUDIT

CHAPTER-II

PERFORMANCE AUDIT

DEPARTMENT OF HOUSING

2.1 Role of Karnataka Slum Development Board in improvement and clearance of slums in the State

Executive summary

The Karnataka Slum Areas (Improvement and Clearance) Act, 1973 was enacted by the State Government for the improvement and clearance of slums in the State. A performance audit was conducted to evaluate the effectiveness of the role of the Karnataka Slum Development Board in holistic improvement of the notified slums and improving basic municipal services such as water, sanitation, water connection, storm drainage, street lighting, paved side walls and roads for emerging access for improving the living conditions of the slums. The performance audit showed the following:

- The slum policy initiated by the Board during 2011-12 was yet to be approved by the Government despite lapse of more than 2 ½ years.
- Absence of any mechanism for prevention of growth of slums resulted in three fold growth of slums since 2001.
- The Board did not have system to monitor the receipt of Slum Improvement Cess from various Local Bodies and development authorities. Also, Board had not prepared any action plan of works to be implemented out of the cess amount received.
- Absence of comprehensive database/slum profile resulted in non-preparation of comprehensive plan for slum improvement/clearance. The Board also had no norms for identification/prioritisation of slums for improvement.
- The slum improvements taken up under the schemes which provided for holistic development such as BSUP and IHSDP was more effective than schemes under VAMBAY, HUDCO, etc., which provided only for construction of houses.
- The improvement of slums was taken up by the Board belatedly in a partial, intermittent and disintegrated manner, as a result of which the slums continue to retain the slum characteristics for a longer period of time. Of the inspected slums, 77 per cent continue to retain the characteristics of slums even after a lapse of more than 20-40 years of their being notified.
- The Board failed to de-notify and handover the developed slums to the Urban Local Bodies concerned for their upkeep, maintenance and providing civic amenities. Though out of 43,438 houses undertaken for construction in 286 slums under BSUP/IHSDP schemes, 39,115 houses were completed and occupied, the Board failed to de-notify and handover the slums to Urban Local Bodies.
- The Board did not implement the IEC activities in all the slums taken up for improvement.

2.1.1 Introduction

The Government of Karnataka notified (November 1974), an Act called the Karnataka Slum Areas (Improvement and Clearance) Act, 1973 (KSA Act). The Act provides for the improvement and clearance of slums in the State. Section 3 of the Act identifies a slum area as

(a) any area that is or is likely to be a source of danger to health, safety or convenience of the public of that area or of its neighbourhood, by reason of the area being low-lying, insanitary, squalid, over-crowded or otherwise; or

(b) the buildings in any area, used or intended to be used for human habitation are in any respect, unfit for human habitation; or by reason of dilapidation, overcrowding, faulty arrangement and design of such buildings, narrowness or faulty arrangement of streets, lack of ventilation, light or sanitation facilities, or any combination of these factors, detrimental to safety, health and morals.

2.1.2 Organisational Set-up

In accordance with Section 33 of the KSA Act, 1973 the Karnataka Slum Clearance Board was constituted in July 1975. It was re-designated (November 2010) as Karnataka Slum Development Board (Board). The Board is under the administrative control of the Principal Secretary to Government, Housing Department and headed by the Commissioner. The Board is responsible for identifying and declaring the slum areas as per the Act; to take up environmental improvement, clearance and redevelopment of slums; provide housing and infrastructural facilities to the slum dwellers; to enable slum dwellers to live in hygienic conditions by providing basic amenities such as drinking water, street lights, roads, drains, community bathroom, storm water drain and community halls *etc.*

2.1.3 Source and expenditure of funds

The Board carries out its mandate through various schemes announced and funded by the State and Central Government from time to time. In addition, the Board also uses the proceeds of a Slum Improvement Cess levied by the Government of Karnataka for providing basic civic amenities in the slums. The various schemes, the funds available and the activities undertaken by the Board are briefly discussed in **Table 2.1** below.

Table-2.1: Schemes for slum improvement implemented by the Board

Name of the scheme	Whether housing/ infrastructure	Period of implementation	Number of houses constructed	Number of slums covered	Total cost (₹ in crore)
Slum Improvement Scheme	Infrastructure facilities	1975-76 onwards	----	NA	207.15
Housing and Urban Development Corporation (HUDCO) Housing	Housing	1983-84 to 2003-04	30,460	302	84.73

Name of the scheme	Whether housing/ infrastructure	Period of implementation	Number of houses constructed	Number of slums covered	Total cost (₹ in crore)
National Slum Development Programme (NSDP)	Infrastructure	1996-97 to 2000-01	----	NA	15.49
Valmiki Ambedkar Awas Yojana (VAMBAY)	Housing	2002-03 to 2007-08	34,538	811	148.50
Nirmal Bharat Abhiyan (NBA)	Community toilet blocks	2002-03 to 2007-08	791 toilet blocks	791	31.64
Slum Upgradation and Development Programme (SUDP)	Infrastructure facilities	2003-04 to 2008-09	----	242 (Phase I) 257 (Phase II)	65.05 71.11
Basic Services for Urban Poor (BSUP)	Housing including infrastructure facilities	2007-08 to 2014-15	26,201* (Proposed) 22,242 (Completed)	114 (Bengaluru and Mysuru cities)	569.41
Integrated Housing and Slum Development Programme (IHSDP)	Housing including infrastructure facilities	2007-08 to 2014-15	17,237 (Proposed) 16,873 (Completed)	172 (34 towns)	355.42
Rajiv Gandhi Awas Yojana (RAY)	Housing and infrastructure	2013-14 onwards	26,845 (Proposed)	128	1,318.63

(Source: Information furnished by the Board)

* Includes 1,693 dwelling units transferred from BBMP

Government of Karnataka accorded (March 1994) sanction for levy of Slum Improvement Cess for comprehensive improvement of slum areas by providing basic civic amenities. Slum Improvement Cess levied on layout plans and building licenses is collected by the municipal bodies/development authorities concerned and the proceeds of which are credited to a separate account called Slum Development Fund (Fund). The Fund is used for financing comprehensive slum improvement plans in notified slums through a corresponding account operated by the Board.

During the period of review, the funds that were available for use by the Board are brought out in **Table-2.2** below.

Table-2.2: Statement showing the receipts and expenditure during the period 2009-14

Name of the scheme	Opening Balance as on 1.4.2009	Grants received during the period 2009-14			Grand total	Expenditure during 2009-14
		Centre	State	Total		
Slum Improvement	0.00	0.00	191.63	191.63	191.63	126.23
IHSDP	67.47	145.72	154.91	300.63	368.10	334.53
BSUP	127.56	201.41	200.90	402.31	529.87	502.24
Slum Improvement Cess*	4.32	0.00	14.62	14.62	18.94	15.49
Total	199.35	347.13	562.06	909.19	1,108.54	978.49

(Source: Information furnished by the Board)

*During the period 2009-14, 14 to 22 ULBs out of 246 ULBs had remitted ₹ 14.62 crore of cess amount.

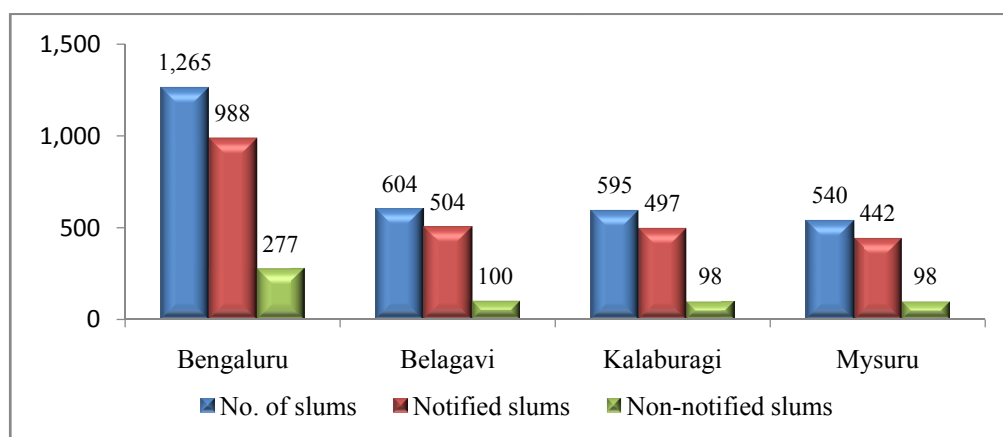
2.1.4 Status and growth of slums in Karnataka

As of March 2014, there were 3,004 slums in Karnataka, of which 2,431 slums⁵ were notified and 573 slums were not notified covering 7.47 lakh households and a population of 35.27 lakh. Bengaluru Urban district had the largest number of slums (556; 19 per cent) followed by Ballari (188), Shivamogga (187), Tumakuru (182), Kalaburagi (181), Mysuru (137) and Hassan (131).

The number of slums in Karnataka as per census 2001 was 826, which increased to 3,004 in March 2014. The State witnessed three fold growth in the number of slums during these period of 13 years. During the period 2009-14, the number of notified slums increased by 221 of which 149 (67 per cent) pertain to Bengaluru city alone. Of these 149 slums, 134 (90 per cent) were notified during 2010-11 and 2011-12.

The revenue division-wise⁶ break up of slums revealed that Bengaluru division had 42 per cent of the slums in the State. Pictorial representation of the division wise data on slums is as indicated in **Chart-1**.

Chart-1: Revenue division-wise number of slums



2.1.5 Audit objectives

A Performance Audit was conducted with the objective of evaluating the effectiveness of the role of the Board in improvement and clearance of notified slums with specific reference to:

- preparation of a strategic plan for holistic improvement of the slums, prevention of their further growth and de-notification after requisite facilities are provided to improve living conditions in the slums.
- providing requisite housing facilities and basic municipal services to all the slum dwellers in the slums.

⁵ Only those slums can be notified which fulfill the prescribed criteria as per KSA Act.

⁶ The State is divided into four revenue divisions covering 30 districts.

2.1.6 Audit criteria

The criteria for this performance audit was based on the following sources:

- The Karnataka Slum Areas (Improvement and Clearance) Act, 1973 and the rules framed there under.
- The City Development Plans, Scheme project reports and instructions regarding utilisation of the Fund detailing the housing and other basic amenities to be provided in the slums.

2.1.7 Audit scope and methodology

The performance audit commenced with an Entry Conference held on 23 January 2014 with the Principal Secretary, Housing Department. Audit was conducted during January to August 2014 covering the period 2009-14 through a test-check of records of the offices of the Board, six⁷ out of 10 divisional offices and sub-divisions under the divisional offices test-checked. We followed multi stage random sampling for selection of districts, taluks, towns and slums. Joint inspection of 31 out of 814 slums considered for improvement was conducted with the departmental representatives in 17 cities/towns of 10 districts. Audit findings were discussed with the Principal Secretary, Housing in an Exit Conference held on 24 November 2014.

2.1.8 Audit findings

2.1.8.1 Slum Policy

Audit observed that the Government did not have any policy to facilitate planning for inclusive growth and slum free cities, ensuring slum dwellers are entitled to dwelling spaces meeting minimum living condition requirements and providing a framework for re-development of slums on public and private land. The Board replied (September 2014) that a draft Slum Policy was submitted (July 2011) to the Government and the same was still pending with the Government for approval.

2.1.8.2 Prevention of growth of slums

Chapter III (Sections 4 and 5) and Chapter III A (Sections 5A to 5C) of the KSA Act, 1973 provides for prevention of growth of slums and prohibition of un-authorised constructions. The City Development Plans prepared for Bengaluru and Mysuru had also identified the vision of slum free cities.

Audit, however, observed that the Board had not devised any mechanism for the prevention of growth of the slums and making the cities slum free. The State witnessed threefold increase in the number of slums as already indicated in Paragraph 2.1.4.

⁷ Bengaluru, Belagavi, Davanagere, Dharwad, Kalaburagi and Mysuru

Recommendation-1: The Government should immediately develop a comprehensive slum policy providing a framework for prevention of growth of slums and to realise its vision of slum free cities.

2.1.8.3 Lack of maintenance of proper database

Since the Board was responsible for the re-development and rehabilitation of notified slums, the existence of a database containing the details of the slum such as name, ownership of land, date of notification, number of households, population *etc.*, with the Board was a basic requirement. The observations of audit on the maintenance of database are discussed below.

- An analysis of the database maintained by the Board and made available to Audit revealed that the database did not have the requisite basic information. The deficiencies in the database are detailed in **Table-2.3**.

Table-2.3: Deficiencies noticed in the database

Details	No. of slums
Without notification number	504
Without notification date	491
Without details of households	148
Without details of population	149
Without details of ownership	40
Without details of extent of land	98
Without details of survey number	899

- In respect of test-checked sub-divisions, the number of slums as per the sub-division did not tally with the number of slums as per the Head Office database as shown in **Table-2.4**.

Table-2.4: Difference in number of slums

Name of the City	Number of slums as per Head Office database	Number of slums available with sub-divisions
Vijayapura	43	45
Talikote	07	05
Ballari	62	59
Mandya	25	24
Dharwad	35	33

- Further, the Board had no slum-wise data which is fundamental and crucial to planning and monitoring improvement activities to be taken up. In this context, Audit noticed that the Census Department had compiled data on the infrastructure deficiencies as indicated in **Table -2.5**.

Table-2.5: Infrastructure deficiencies

Infrastructure facilities	No. of households (in lakh)
Not having Pucca Houses	2.72
Having only a single room	2.93
Non-access to water source	1.06
Usage of un-treated water	1.18
No electricity	0.56

Infrastructure facilities	No. of households (in lakh)
Lack of toilets	2.67
No Underground Drainage (UGD) facility	4.74
No bathroom facility	0.64

The slum-wise information along these lines would help the Board in planning, prioritising and undertaking improvement activities.

- The Board was in possession of details with regard to slums developed under major housing schemes such as HUDCO, VAMBAY, IHSDP and BSUP only. No database was maintained for the infrastructure works carried out in the slums by the Board under the schemes such as NSDP, SUDP, Slum Improvement Scheme, *etc.*
- No details were available regarding the infrastructural works carried out by Local Bodies and other Government departments in the notified slums.
- The Board did not have a beneficiary-wise database in respect of various housing projects to ensure that the benefits were accorded to genuine beneficiaries and to prevent duplication in extension of benefits. The IHSDP and BSUP scheme guidelines prescribed that the beneficiaries were required to be identified at the Draft Project Report stage and bio-metric cards issued to them. The Board was yet to develop a comprehensive database integrating the biometric details of the beneficiaries.
- The Board was required to update the details regarding the slums under its control through regular survey. However, the last survey conducted by the Board was only during 1996. Further, the Commissioner also emphasised (March 2014) on the need for conducting surveys at least once in five years. In the absence of regular updating, the Board undertook the activities in an *ad hoc* manner. The Board replied (September 2014) that after 1996-97, no surveys were conducted for updating the database on regular basis and that the Board had decided to conduct survey once in five years in order to maintain updated and timely information relating to slum and to develop a relational database for capturing and easy retrieval of information relating to slums which included data on slum survey, socio-economic survey data, projects undertaken in various slums, progress of work, monitoring aspects *etc.* The Board informed further that they had already initiated process for improvement of software and had entrusted the work to e-governance department.

2.1.8.4 Planning for the improvement of slums

The Board had not prepared any Strategic Plan involving long, medium and short term action plans for improvement of the notified slums in the State. There was no basis for selection of slums for improvement and no norms were prescribed for identification of the slums for improvement either by the Government or Board through different schemes. Audit observed from its sample that slums notified during 1974 were taken up for improvement only in 2005 after a lapse of 30 years, those notified during 1979 and 1982 were

improved during 2002 and slums notified during 2004 and 2008 were improved during 2013-14 after 6-10 years of notification. Further, the improvements undertaken were also partial, intermittent, disintegrated and incomplete as observed during joint inspection, the findings of which are brought out in the latter part of the report (Para 2.1.8.8).

The Board had also not prepared any action plan for works to be implemented out of the cess amount received. The Board was also not ensuring receipt of all amounts due to the fund. In this context it is pertinent to note that the Board was not aware of the fact as to how much cess was collected and whether the amount so collected was remitted to the Fund. Audit observed that necessary reconciliation of cess amount credited by the Urban Local Bodies (ULBs) was not undertaken as per the Government directions. An amount of ₹ 41 lakh collected during 2009-14 by four⁸ ULBs remained unremitted and ₹ 1.86 crore cess collected by Karnataka Industrial Area Development Board and Bangalore Development Authority was still remaining outstanding for remittance as at the end of March 2014. The Board stated (August 2014) that all ULBs were requested to furnish the details of cess collected and remit to the Board and action would be taken to reconcile the accounts after obtaining the details of cess amount and bank accounts.

Scrutiny of the works implemented out of the cess amount revealed that the Board had taken up 37 ineligible works (36 in Bengaluru and one in Mysuru) like construction of temporary sheds, excavation works *etc.*, that were part of implementation of the BSUP scheme and incurred ₹ 2.55 crore on these works. The Board had also not taken up any activities/works in relation to education, health, women and child development programme and social welfare activities under comprehensive development for improvement of slum areas as decided by the Government of Karnataka.

Audit further observed that housing and other improvement works were taken up under IHSDP Scheme in Halahalli Muslim Block slum of Mandya city, which was neither in the Head Office database nor in the sub-division database. This action of the Board highlights the need for maintenance of a proper database and creation of slum profile.

The Board replied (September 2014) that in the absence of database on slums, it was facing difficulties in preparing comprehensive plans for overall improvement of slums in the State.

Recommendation 2: The Board should create and maintain a robust and comprehensive database of the slums with slum-wise profile for preparing a strategic plan for long, medium and short term to ensure that the improvement activities taken up including housing are holistic thereby enabling the developed slums to come out of its characteristics and join the mainstream population.

⁸ Kalaburagi Development Authority, Kalaburagi City Corporation, City Municipal Councils – Hosapete and Mandya

Recommendation 3: Government should prepare necessary guidelines to be adopted for identification and prioritisation of slums for improvement.

Recommendation 4: The Board should co-ordinate with ULBs and development authorities to ensure prompt receipt of cess and prepare action plan for its utilisation.

2.1.8.5 Failure of the Board to clear slums through resettlement

The Board undertook improvement of slums either through in-situ development⁹ or resettlement¹⁰. Under the RAY scheme, in-situ upgradation/re-development of slums was the preferred option as it did not lead to loss of livelihood linkages or additional commuting hours leading to loss of income. Slum resettlement was preferred only for untenable slums and was to the extent possible to be within the same ward/zone or the adjoining ward/zone to minimize adverse impact on livelihoods and community assets and access to health and education facilities. However, the resettlement was to ensure holistic improvement and all the basic amenities were to be provided along with housing and other infrastructure facilities.

The Board resorted to in-situ development in 239 slums and resettlement in respect of 47 slums during the implementation of the BSUP and IHSDP Schemes. Audit observed that while the occupancy rate of the slums under in-situ was 90 per cent, occupancy rate under resettlement scheme was 63 per cent, 50 per cent and 45 per cent in Bengaluru city, Mysuru city and other towns respectively as indicated in the **Table-2.6**.

Table-2.6: Occupancy position of houses in relocated slums

Name of the city	Bengaluru	Mysuru	Other towns
No. of houses completed	5,465	3,064	3,012
No. of houses occupied	3,440 (63)	1,526 (50)	1,345 (45)
No. of houses not occupied	2,025 (37)	1,538 (50)	1,667 (55)

(Source: Information furnished by the Board)

Note: Figures in bracket indicate percentage

Audit also observed that none of the newly constructed houses were occupied by the slum dwellers of four slums of Bengaluru city, two slums of Mysuru city and four slums of other towns.

Implicit in the option of the resettlement is the clearance of existing slums. However, audit observed that the slums were still existing despite the fact that these were considered untenable and the Board had spent an amount of

⁹ “In-situ Slum development” is the process of developing slum areas by providing proper access, dwelling units, open spaces and other basic services to the slum dwellers on the land on which the slums existed.

¹⁰ “Slum Resettlement” is the process of relocation and settlement of slum dwellers from the existing untenable slums to an alternative site with provision of dwelling space, basic civic and infrastructural services.

₹ 86.63¹¹ crore on the construction of these houses. The Board had also neither analysed the reasons for non-occupancy nor had taken any remedial measures such as pursuing the matter with beneficiaries to occupy the newly built houses with the result that the slum dwellers who were to be resettled continued to remain in the existing places.

Recommendation 5: The Board should take urgent action to persuade the slum dwellers to occupy the newly constructed houses so as to prevent unauthorised occupancy and also clear the untenable slums.

2.1.8.6 Denotification and non-handing over of slums by the Board

As per the provisions of the Act and directions issued (February 1991) by the State Government, on completion of the improvement works and construction of houses in a declared slum, the slums were to be handed over to the municipality/corporation or the city municipal council concerned as the case may be for further maintenance *etc.* BSUP and IHSDP guidelines issued by Ministry of Housing & Urban Poverty Alleviation also called for denotification of slums after completion as the development of slums under these schemes is through whole-slum approach covering provision of land tenure, affordable housing and basic services that is aimed at addressing and alleviating all conditions that characterise a slum.

Out of 26,201 and 17,237 houses undertaken for construction in 114 and 172 slums under BSUP and IHSDP schemes respectively, 22,242 houses under BSUP and 16,873 houses under IHSDP were completed and occupied by the beneficiaries. Further, out of 286 slums, all the works were completed and the houses were occupied in 239 slums.

Audit observed that the Board had not taken any action to de-notify the slums which had been completed with the result that the responsibility for the upkeep and maintenance continues to rest with the Board and not with the local urban authorities.

Recommendation 6: The Board should immediately de-notify and handover the improved slums to the ULBs concerned to enable their further upkeep and maintenance.

2.1.8.7 Status of improvement of slums

Out of 2,431 slums notified, improvement activities including housing were carried out in 814 slums (33 *per cent*). The division-wise analysis of slums taken up for improvement and undeveloped slums revealed that while 35 *per cent* of the slums in Bengaluru division underwent improvement under

¹¹ $(2,025+1,538) = 3,563$ houses* ₹ 1,80,000/- (lowest unit cost of each house under BSUP)
= ₹ 64.13 crore
1667 houses * ₹ 1,35,000/- (lowest unit cost of each house under IHSDP) = ₹ 22.50 crore
Net amount = ₹ 64.13 crore + ₹ 22.50 crore = ₹ 86.63 crore

various schemes, only 14 *per cent* of the slums were taken up for improvement in Mysuru division as indicated in the **Table-2.7**.

Table-2.7: Revenue division-wise slums taken up for improvement

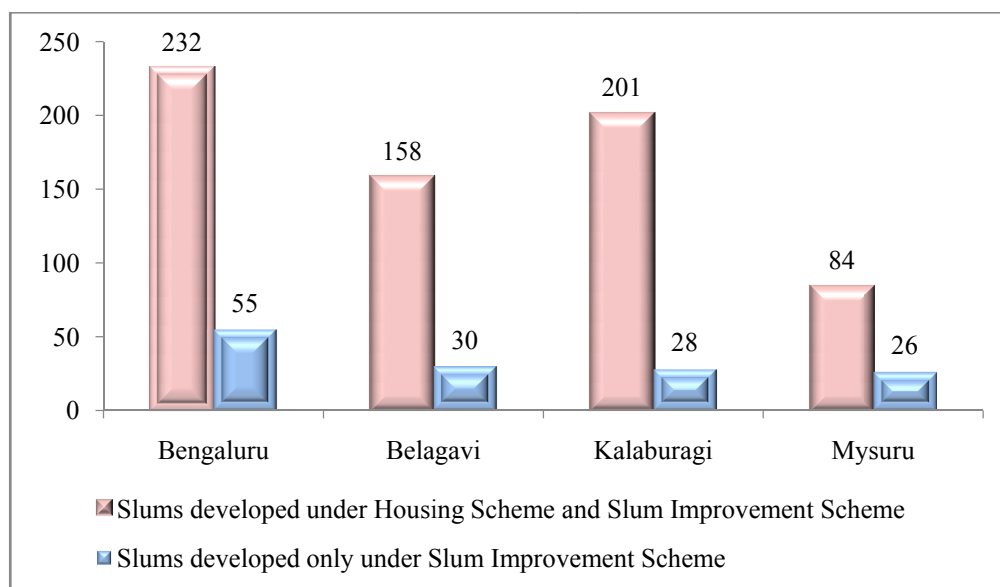
	Total	Bengaluru	Belagavi	Kalaburagi	Mysuru
Number of notified slums	2,431	988	504	497	442
No. of slums taken up for improvement	814	287 (35)	188 (23)	229 (28)	110 (14)
No. of slums not taken up for improvement	1,617	701	316	268	332

(Source: Information furnished by the Board)

Note: Figures in bracket indicate percentage

Further analysis of the slums taken up for improvement revealed that 675 (83 *per cent*) slums were taken up for improvement under two schemes *viz.*, Housing scheme and Slum Improvement scheme. Another 139 (17 *per cent*) slums were taken up for improvement only under Slum Improvement scheme. The division-wise improvement of slums under Housing scheme and Slum Improvement scheme are depicted in **Chart-2** below:

Chart 2: Revenue division-wise development of slums under Housing scheme and Slum Improvement scheme



Audit observed that six out of 675 slums were improved under three¹² schemes, 81 slums under two schemes and 588 slums under one scheme. Audit also observed that in 125 slums taken up for improvement, the number of dwelling units constructed was 26,856 as against 15,312 huts which existed at the time of notification. The reasons for construction of more dwelling units than those present at the time of notification could not be verified by Audit due to lack of records.

¹² HUDCO, VAMBAY and BSUP/ISHDP

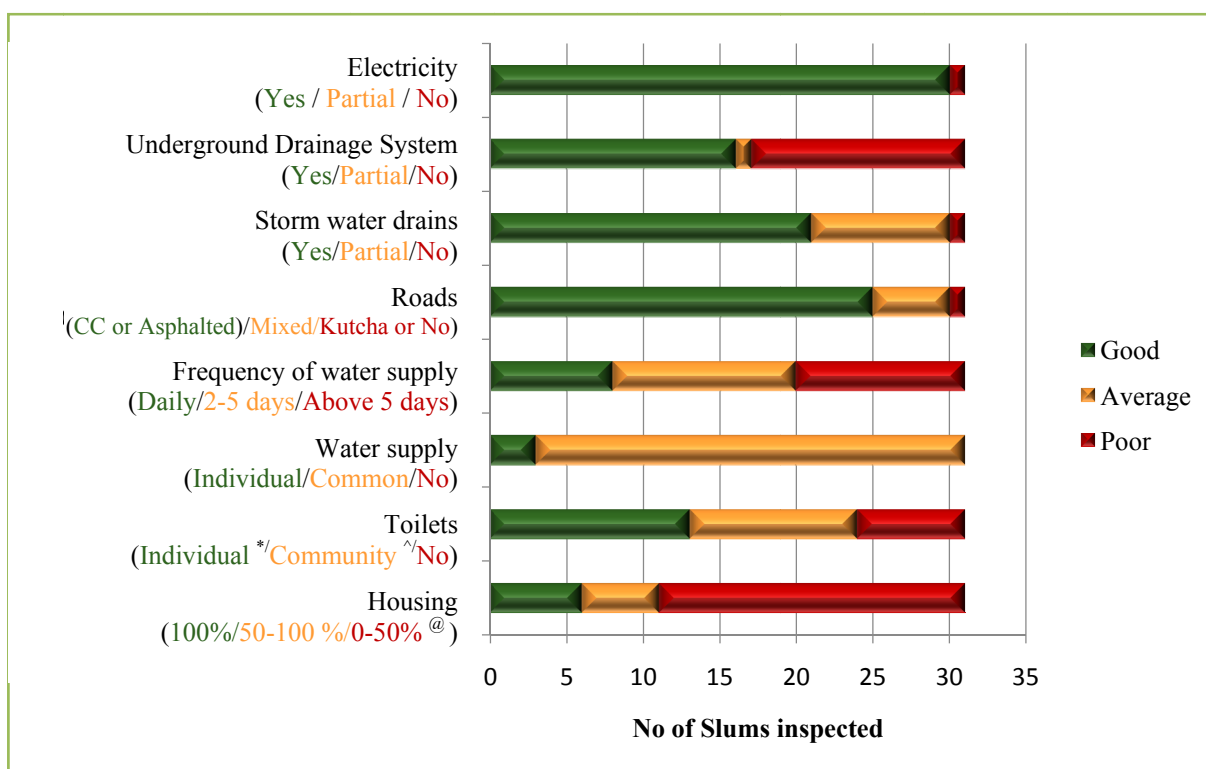
2.1.8.8 Findings of the Joint Inspection of slums

The audit team visited 31 slums taken up for improvement in 17 cities/towns of ten districts along with the officials concerned of the Board. During joint inspection, the audit team interacted with few of the slum dwellers to ascertain the status of improvement of slums.

Out of 31 slums considered for improvement, 28 slums were taken up for improvement under Housing schemes and three slums only under slum improvement scheme. During joint inspection, seven slums taken up for improvement were found to be fit for de-notification and to be handed over to the local bodies concerned.

The joint inspection findings regarding status of implementation of various infrastructures are indicated in the **Chart-3** and **Appendix-2.1**. Indicator wise findings are discussed in detail in subsequent paragraphs.

Chart 3: Extent of improvements made to 31 slums inspected



@ in three slums, no housing activity was taken up

* in two slums, few of the slum dwellers had constructed toilets on their own

^ in one slum, few of the dwellers had constructed toilets on their own.

Housing – House or dwelling unit is the physical structure used, or intended to be used, for human habitation. The Board had constructed houses for the slum dwellers under HUDCO, VAMBAY, BSUP and IHSDP Schemes. While houses constructed under HUDCO and VAMBAY did not have any provision for individual toilets, the houses constructed under the other

schemes included provision for individual toilets. The following are the audit observations:

- All the slum dwellers in the sampled slums were not provided with houses. In 17 slums, the houses constructed were less than 50 *per cent* of the number of huts existing at the time of notification. Further, in seven out of these 17 slums, the houses constructed were less than 10 *per cent*. This indicated that the improvement activities taken up was *ad hoc* and not holistic and the slums continued to retain the characteristics of the slum.
- In five slums, the percentage of houses constructed ranged from 50 to 100 *per cent* and in three slums, the number of houses constructed was 100 *per cent*.
- In three other slums, the number of houses constructed was more than the huts existing at the time of notification.

Availability of toilet facilities

Audit observed that:

- Seven of the 31 sampled slums taken up for improvement did not have any kind of toilet facility.
- All the houses in seven slums improved under IHSDP/BSUP Schemes were provided with individual toilets.
- In four slums, where houses were constructed under HUDCO/ VAMBAY Schemes, the dwellers had constructed the toilets on their own.
- In three other slums, few of the dwellers had constructed the toilets by themselves.
- Out of 31 slums, 10 slums were provided with community toilet blocks.

Water supply – All the slums inspected had water supply. The main source of water supply in five slums was borewell and the Municipality/Local Bodies supplied water through common taps/cisterns in 26 slums. The houses in three out of 26 slums had individual pipe connection for water.

As regards the frequency/duration of water supply, audit observed that 26 *per cent* of the slums had daily supply of water, 22 *per cent* of the slums received water supply once in 7-8 days and 13 *per cent* received water supply once in 10-15 days.

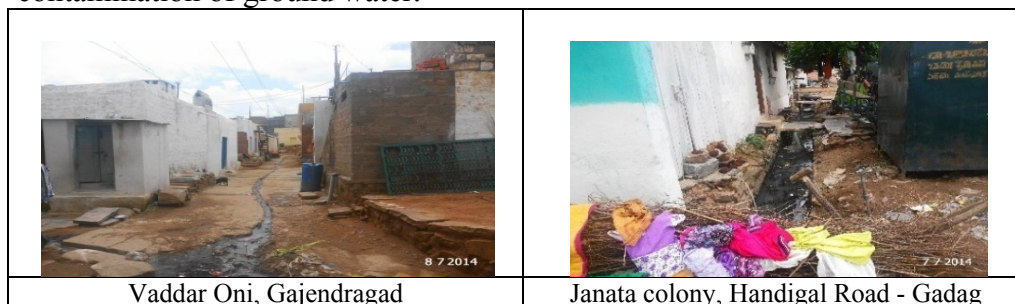
Roads –

- Eighty-one *per cent* of the sampled slums were provided with Cement concrete /asphalted roads.
- Sixteen *per cent* of the slums had a combination of cement concrete roads and kutcha roads.
- One slum (Samagar Oni in Talikoti town) had only kutcha/mud roads.

Storm/surface water drains – Twenty-one out of 31 slums (68 per cent) inspected had storm water drains along the entire length of the roads and it was partial in nine slums. Only one slum did not have storm water drainage system. Audit also observed that in 24 slums, the drains were encroached by the dwellers by way of construction of additional rooms, toilets *etc.* The drains were also not maintained properly and waste/garbage dumped resulting in clogging of the drains and consequent water logging leading to hazardous environment.



Underground Drainage system (UGD) – Forty-five per cent (14 slums) of the inspected slums taken up for improvement did not have UGD facility resulting in sewage being let into the open (as indicated in the picture) thereby deteriorating the surrounding environment besides leading to contamination of ground water.



Electricity – The houses in all inspected slums had electricity connection except one slum (Sanjaygandhi nagar in KGF town).

Other basic requirements – During the joint inspection of the slums, the audit team also ascertained the availability of the other basic requirements for the slum dwellers such as Anganwadi Kendra, schools, hospitals, bus stations, parks *etc.* Majority of the slums had access to these facilities within a radius of 1-2 kilometres. The status of the availability of these requirements is depicted in **Table-2.8**.

Table-2.8: Availability of other basic requirements




Type of basic requirement	No	Yes (<1.5 km)	Yes (2-3 km)
Anganwadi Kendra	4	11	16
School	1	11	19
Hospital	2	17	12
Bus station	2	18	11
Parks	15	10	6

(Source: Informaton obtained through joint inspection of slums)

Community centres –Subsequent to 2007-08, Government of India, in its schemes viz., BSUP and IHSDP provided for construction of community centres¹³ as part of holistic improvement of slums. Audit observed that 29 of the sampled slums (94 per cent) did not have the community centre either in its premises or in the vicinity. Seven of these 29 slums were taken up for improvement under the above schemes indicating lack of holistic approach.

2.1.8.9 Comparative analysis of the effectiveness of the various schemes

A comparative analysis of the effectiveness of the various schemes implemented by the Board revealed that schemes which provided for holistic development (housing and other infrastructural facilities) like BSUP and IHSDP were more effective than the schemes like HUDCO and VAMBAY which provided only for construction of houses. Audit observed that in respect of slums which were improved under HUDCO and VAMBAY Schemes, the intervention was sporadic, intermittent and disintegrated as a result of which the slums continued to retain the characteristics of the slum for a longer period of time. Seventy-seven per cent of the inspected slums, which were notified 20-40 years earlier, continued to remain as slums as a result of non-holistic interventions. Few examples of such interventions are as indicated below.

		
Samagar Oni (Talikota)	Janatha colony side slum (Chalkeri)	Behind New Mutton Market (Raichur)
The slum is having 185 households with a population of 600. Only two houses were constructed under VAMBAY Scheme. The houses did not have individual toilets. The roads in the slum and the approach road (main road) were kutcha roads. The entire town did not have UGD and the sewage was being let into the open. The surroundings of the slum were unhygienic.	The slum had 419 households and a population of 2,238. Only 3 houses were constructed under VAMBAY Scheme while water supply and electrification works were provided under Slum Improvement. One Community toilet block consisting of two bathrooms and five toilets each for men and women was provided under NBA. The entire city did not have underground sewerage system. Approximately 10 per cent of the houses did not have power connection.	The slum had 855 households with a population of 1985. Only 20 houses were constructed by the Board under VAMBAY scheme and infrastructure works were provided under SUDP. The houses in the slum did not have individual toilets. The slum was partially provided with surface water drains which were also clogged with waste resulting in water logging. The slum was not provided with UGD facility.

Audit also observed that seven (23 per cent) of the sampled slums were found to be fit for denotification. Of these, five slums were taken up for improvement under IHSDP Scheme and the other two slums were improved under HUDCO/VAMBAY Schemes.

Recommendation 7: The Board should adopt a holistic approach of improvement which is more effective in addressing problems of the slums.

¹³ Community centre is a place where people from a particular neighbourhood can meet for social events, education classes or recreational activities.

2.1.8.10 Information, Education and Communication (IEC) activities

Though improvement activities in the slums are undertaken by the Board, the slum dwellers/residents in coordination with the concerned local bodies are also responsible for subsequent maintenance, upkeep and care of the infrastructure. In this direction, it is very important to educate the residents with regard to health, hygiene and proper upkeep of the facilities provided to them.

During joint inspection, Audit observed as under in the slums taken up for improvement:

- residents continued to wash clothes, utensils on the roads, bathe their children on the roads and go into the open to urinate and defecate;
- residents constructed additional rooms/toilets on the surface water drains that were provided along the roads; and
- temporary sheds were built in the setback area (either in the front or back of the houses) provided for the houses thereby preventing entry of natural light besides spoiling the surroundings.

These highlighted the need for conducting IEC activities. Audit observed that IEC activities were undertaken by the Board only in those slums where the IHSDP scheme was implemented as this formed part of the scheme guidelines for which budgetary support was provided. As at the end of July 2014, IEC activities were undertaken in 69 slums of 25 towns out of 172 slums in 34 towns.

While appreciating audit observations, Board stated in its reply (September 2014) that Non-Governmental Organisations were engaged (December 2013) for implementing the IEC activities in selected slums under IHSDP scheme. The Board further stated that it would strive hard to bring about necessary behavioural changes among the deprived slum population to make them self reliant in so far as their health, sanitation and welfare activities are concerned along with providing basic infrastructure, amenities and houses as per Government approved norms.

Recommendation 8: The Board should implement the IEC activities in all the slums and not restrict itself to the slums improved under IHSDP.

2.1.9 Conclusion

Absence of robust and comprehensive database of slums and their improvement led to non-preparation of comprehensive plan for undertaking holistic improvement of slums. Also, the Board had no mechanism for prevention of growth of the declared slums and norms for identification/selection of slums for improvement. The Board also failed to de-notify and hand over the improved slums to the ULBs concerned. The Government was

yet to approve the draft slum policy initiated during 2011-12 even after a lapse of more than two and a half years since its formulation.

The Board took up the improvement works in the notified slums in partial, intermittent and disintegrated manner without resorting to 'whole slum' approach with the result that seventy-seven *per cent* slums taken up for improvement continue to bear the characteristics of slums even after several years of commencement of improvement works. Though majority of the developed slums had storm water drains constructed along the entire length of the roads, the maintenance of the same was very poor. The non-maintenance of the drains has resulted in clogging of the drains with sewage/waste leading to water logging and creation of unhygienic environment. The Board did not implement the IEC activities in all the slums.

Thus, the Board was not completely successful in providing requisite housing facilities and other infrastructure facilities and improving the living conditions of the slums which defeated the basic objective of clearance of slums in the State.

The matter was referred to Government in September 2014; reply was yet to be received (October 2014).

DEPARTMENT OF URBAN DEVELOPMENT

2.2 Water Supply Management by the Bangalore Water Supply and Sewerage Board with special emphasis on Cauvery Water Supply Scheme, Stage IV, Phase II and Greater Bangalore Water Supply Project

Executive summary

The Bangalore Water Supply and Sewerage Board (Board) was established (October 1964) for providing water supply and sewerage system to the Bengaluru city. The Board had been implementing various projects for providing water supply to the city. A performance audit of the water supply management by the Board with special emphasis on two projects viz., Cauvery Water Supply Scheme, Stage IV, Phase II and Greater Bangalore Water Supply Project during 2009-14 showed the following:

- The Board had prepared a Water Supply and Conservation Management Plan in 2002, but it was yet to implement many of its recommendations viz., formulation of Drought and Emergency Management Plan which addresses the issue of conservation of water.
- Though the Board initiated action to bridge the gap between demand and supply, it could not match the shortfall mainly due to restrictions on drawal of water from the river Cauvery and also due to rapid growth of population in the city.
- The Board had initiated Distribution Network Improvement Programme and Slum Development component under CWSS Stage IV, Phase II to reduce Unaccounted for Water (UFW). However, delay in commencing the programmes not only resulted in escalation of cost but also non achievement of objective of reducing the UFW.
- Delay in completion of various works of Sewerage Management Plan resulted in sewage being discharged into the storm water drain thereby polluting the ground water.
- The estimates prepared by the Board were unrealistic as they were inflated on account of unnecessary provisions in the estimate and adoption of incorrect rates.
- Further, adoption of inappropriate indices for price adjustment factor, execution of work of different specification and non-compliance with standards resulted in excess payment and also undue benefit to contractor.
- Central Water Testing Laboratory which was understaffed and lacked infrastructure could only partly comply with the testing of water quality as prescribed in CPHEEO manual.

2.2.1 Introduction

The National Water Policy 2002 as well as the State Water Policy, 2002 placed allocation for drinking water as the first priority. It emphasised on expansion of drinking water provision for the entire urban population. As a supplement to the State Water Policy 2002, Government of Karnataka prepared (2002) Urban Drinking Water and Sanitation Policy to illustrate the vision and role of concerned institutions in the water and sewerage sectors. In order to bring about staged development upto 2025 in the Bengaluru Metropolitan Area, the State Government brought out the Water Supply Master Plan, 2002.

2.2.2 Organisational Set-up

The Bangalore Water Supply and Sewerage Board (Board) was established (October 1964) for providing water supply and sewerage system to the Bengaluru city. The Board is headed by Chairman who is assisted by five Chief Engineers for Cauvery, Maintenance, Waste Water Management and Corporate Planning, Quality Assurance and Project along with Chief Administrative Officer-cum-Secretary, Financial Advisor and Chief Accounts Officer. The Officers are supported by technical, administrative and financial staff at various levels.

2.2.3 Audit Objectives

The audit was conducted with the objective of evaluating the effectiveness of the schemes implemented by the Board assessing in particular whether the Board had:

- a Water Supply and Conservation Management Plan which effectively addressed availability of long term regional resources, management, conservation and supply of quality water.
- created and maintained adequate infrastructure consistent with the plan to ensure water supply to all the areas coming under its jurisdiction.
- a Sewerage Management Plan to create adequate infrastructure facilities to treat the sewerage and maintain the facilities effectively.
- a Contract Management system that ensured economy, efficiency and effectiveness for creation of infrastructure for water supply and sewerage treatment.

2.2.4 Audit Criteria

The performance audit findings were benchmarked against the following:

- Bangalore Water Supply and Sewerage Board Act, 1964;
- Central Public Health Engineering and Environmental Organisation Manuals for Water Supply and Sewerage (CPHEEO);

- The Karnataka Transparency in Public Procurements Act and Rules;
- The Karnataka Public Works A and D code (PWD Code);
- Circulars and instructions issued by the Government of Karnataka;
- Terms and conditions of the Contracts and Agreements entered into by the Board with loan sanctioning Authorities and with various contractors/agencies.

2.2.5 Audit Scope and Methodology

The Performance Audit started with an entry conference held on 7 February 2014 with the Chairman, Bangalore Water Supply and Sewerage Board in which audit scope and methodology was explained. The audit was conducted during December 2013 to July 2014 covering the period 2009-14 through test-check of records of the Board's head office and nine divisions. Audit was confined to scrutiny of records relating to implementation of two schemes *viz.*, Cauvery Water Supply Scheme (CWSS) Stage IV, Phase II and Greater Bangalore Water Supply Project (GBWASP). Probability proportional to size sampling without replacement was adopted for selection of 13 out of 33 packages under CWSS Stage IV, Phase II and nine out of 27 packages under GBWASP (**Appendix-2.2**). Audit findings were discussed with the Additional Chief Secretary, Urban Development Department in an Exit Conference held on 13 November 2014. The Report takes into account replies furnished by the Board in response to the audit observations communicated to them.

2.2.6 Water Supply and Conservation Management Plan

The Board under the assistance of Australia-India Development Cooperation (AusAID) prepared (July 2002) a comprehensive, strategic and long term Water Supply Master Plan upto 2025 (Master Plan, 2002) which addressed the issues faced by the Board in effective water supply management *viz.*, Water Supply Planning, Unaccounted for Water (UFW), Non-revenue water (NRW), Water resources, Water supply systems, Demand Management *etc.* Further, the State Government constituted an Expert Committee (November 2010) for identification of sources for sustainable water supply to Greater Bengaluru for next 40 years *i.e.* upto 2050, and it submitted its recommendations to the State Government in August 2013.

2.2.6.1 Demand and shortfall in supply of water

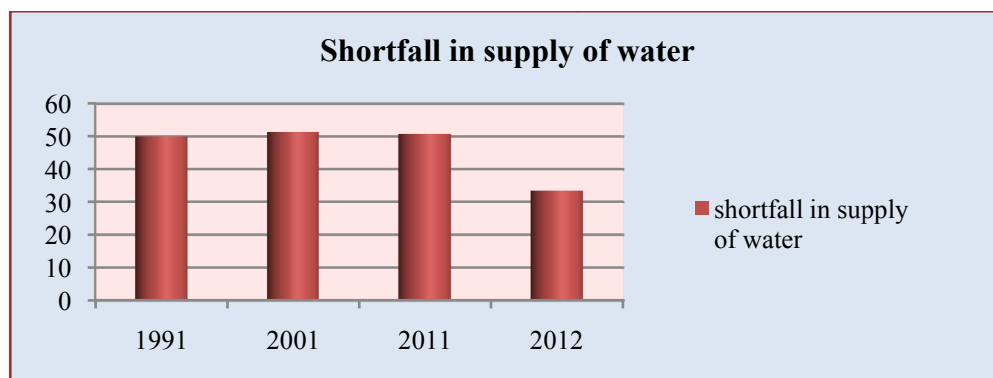
The water supplied by the Board under various schemes since its inception are detailed in **Table-2.9** below:

Table-2.9: Details of water supplied by the Board since inception

Year	Population in lakh	Requirement ¹⁴ of water in million litres per day (MLD)	Water supply in MLD (all sources)	Action taken by the Board to bridge the shortfall
1971	16.64	NA	165	36" line from TG Halli was commissioned in 1963 to bring in 72 MLD
1981	29.22	NA	300	CWSS 1 st stage was commissioned in 1974 to bring 135 MLD
1991	41.30	870.35	435	CWSS 2 nd stage was commissioned in 1981 to bring 135 MLD
2001	61.70	1,450.15	705	CWSS 3 rd stage was commissioned during 1993 to bring 270 MLD
2011	96.21	1,981.62	975	CWSS 4 th stage, I Phase commissioned in 2002 to bring 270 MLD.
			1,075	Supply from Cauvery augmented by 100 MLD from 2009 under JnNURM scheme
			960	Supply from Arkavathi reduced to 50 MLD due to insufficient inflow in the river
2012	100.06	2,071.04	1,460	CWSS 4 th stage II Phase commissioned in October 2012 for supply of 500 MLD

(Source: Expert Committee Report and Detailed Project Report on CWSS Stage IV, Phase II)

Though, the Board initiated action to bridge the gap between the demand and supply, it could not cover the shortfall mainly due to restrictions on drawal of water from the river Cauvery and also due to rapid growth of population in the city. The percentage of shortfall in supply of water during 1991-2012 is as depicted in the chart below:



2.2.7 Water Supply Schemes

In order to address the issues faced by the Board in effective water supply management, Board initiated two projects which are detailed below:

2.2.7.1 CWSS Stage IV, Phase II

Allocation of water from Cauvery river to Bengaluru was 1,469 MLD, against which about 929 MLD was drawn under CWSS Stage I to IV, Phase I. Since the existing water supply system encountered several issues such as inequitable and intermittent water supply (eight to twelve hours on alternative

¹⁴ Based on a norm of 150 litre per capita per day (lpcd) issued by Central Public Health Engineering and Environmental Organisation (CPHEEO), Ministry of Urban Development, Government of India plus 20 per cent for industrial purpose and 15 per cent UFW.

day), high Unaccounted for Water (UFW), supply of 105 lpcd¹⁵ of water against standard of 150 lpcd *etc.*, the Board proposed to utilise the balance 540 MLD raw water from the river under CWSS Stage IV, Phase II which was approved by the Government in June 2005.

The scheme consisted of six water supply components, three distribution components, seven sewage treatment plants and 16 sewer networks. Apart from the above 32 packages, it included the slum development component also. Estimated cost of the project was ₹ 3,383.70 crore.

2.2.7.2 GBWASP

In order to provide water supply facilities to the erstwhile seven City Municipal Councils (CMCs) and one Town Municipal Council (TMC) which were brought under the purview of Bruhat Bengaluru Mahanagara Palike (BBMP), State Government accorded (December 2003) administrative approval for implementation of GBWASP.

The project consisted of five works relating to feeder mains and 22 water supply distribution works which were to be implemented in three phases. The estimated cost of the project was ₹ 455.91 crore.

2.2.8 Audit findings

Audit observations on implementation of recommendations in Master Plan, 2002 with special emphasis on the above mentioned two schemes are brought out in succeeding paragraphs.

2.2.8.1 Unaccounted for Water

UFW¹⁶ is non-accounted water which does not generate any revenue due to physical leakages, faulty metering, unauthorised connections *etc.*, and was important mainly due to the following reasons:

- Major loss of revenue occurred when the UFW level was high which had direct effect on the financial performance of the Board.
- High level of UFW, in turn meant larger volume of water had to be provided by the Board into the serviced areas.

Though the CPHEEO and also the Master Plan, 2002 prescribed 15 *per cent* and 16 *per cent* respectively as the allowable UFW, it ranged between 46.91 to 50.90 *per cent* during the period 2009-14 as shown in **Table-2.10**.

¹⁵ Litres per capita per day

¹⁶ UFW measurement is based on the total bulk water input less metered domestic industrial and commercial consumption less the assessment for public fountains both revenue and non-revenue earning.

Table-2.10: Details of UFW for the period 2009-14

Year	Water supplied	Quantity of water billed	Unaccounted for Water	(Quantity in ml)
				Per centage of UFW
2009-10	3,55,242	1,80,965	1,74,277	49.05
2010-11	3,46,635	1,82,370	1,64,265	47.38
2011-12	3,48,105	1,84,571	1,63,534	46.97
2012-13	3,64,560	1,93,530	1,71,030	46.91
2013-14	4,43,964	2,17,951	2,26,013	50.90

(Source: Information furnished by the Board)

It is evident from the above table that level of UFW has increased during 2013-14 which also affects the financial performance of the Board.

The Board had established a Water Audit and Control Team as part of the Maintenance Division. It undertook investigations and remedial work in specific areas using specialised leak detection equipment to identify physical leakages to undertake repairs, illegal connections and regularise them by installing meters or disconnecting the supply and faulty meters that required replacement.

Further, the Board had established a central control room for redressal of complaints from the public. However, no details in respect of action taken on the complaints received, follow up action, feedback mechanism, information on any periodical survey of transmission and distribution lines for detection of leakages, illegal connections *etc.*, were maintained in the control room.

Though, the Board had established the above controls, the UFW through leakage was 38 *per cent* (March 2014). Further, the Board initiated (2005) two important programmes under CWSS Stage IV, Phase II to reduce UFW.

- Improvement of distribution network to reduce water leakage.
- Phasing out of public fountains in selected slums.

(a) *Distribution network improvement programme*

The Board undertook a distribution network improvement programme on a pilot basis (July 2002) under CWSS Stage IV, Phase I which covered 32,000 service connections in 370 kms of distribution network spread over an area of 30 sq kms. As the result was encouraging, the Board proposed (July 2005) to implement the programme in six divisions in the entire core area of Bengaluru at an estimated cost of ₹ 262.50 crore under CWSS Stage IV, Phase II with an objective to reduce the UFW to 16 *per cent* by the end of 2015 from the 36 *per cent* which existed during 2005.

The Board entered into loan agreement (2005) with Japan International Cooperation Agency (JICA) and the amount estimated for the project Management Improvement Component (including slum development component) was ₹ 74.24 crore. Though, a consultant firm was appointed during March 2007, the Board initiated the tender process for award of the

work only in 2010 and revised the estimate based on the schedule of rates (SR) of 2010-11. The revised estimate for the six packages worked out to ₹ 1,245 crore. The details of work awarded are brought out in **Table-2.11** below:

Table-2.11: Details of works awarded

						(₹ in crore)
Package	Division covered	Estimated cost	Entrusted amount	Date of entrustment	Expenditure incurred as on March 2014	Remarks
D2b	Bengaluru South	154.17	153.12	July 2012	78.25	Under progress
D1a	Central	155.31	184.33	December 2013	7.47	
D2a	West	294.12	316.79	November 2013	39.06	

(Source: Information furnished by the Board)

Audit, however, observed that delay in taking up the work not only resulted in escalation of cost, but also the Board was unable to take up the balance three packages due to paucity of funds. The Board, however, could not achieve its objective of reducing the UFW. The Board stated in its reply that the delay in taking up the work was due to delay in finalisation of tender procedure.

(b) Non-achievement of Slum Development Component – extension of services to the poor

Public fountain is the main water source for the urban poor which is one of the major contributors for the UFW. Bruhat Bengaluru Mahanagara Palike (BBMP) was responsible for payment of water charges supplied to the poor families through public fountains. As of June 2014, the amount due to the Board from the BBMP was ₹ 148.75 crore. In order to reduce the UFW based on the Master Plan, 2002 recommendations and also to ensure safe drinking water to urban poor, the Board conceived a project for phasing out the public fountains in the slums with individual metered connections under CWSS Stage IV, Phase II. The project was to be implemented in 362 notified slums of Bengaluru in three different phases with phase I, II and III consisting of 120, 122 and 120 slums respectively.

Implementation of the scheme was in two stages with social mobilisation component being the first stage and implementation of the civil works being the second stage. Under the social mobilisation component, the Board engaged Non-Governmental Organisations (NGOs) for conducting socio-economic survey to facilitate the implementation of piped water supply scheme in the slums. Though, the Board had envisaged the programme in July 2005, it invited tenders from NGOs for phase I only in January 2010 and the work was awarded (October 2010) at a cost of ₹ 2.95 crore. On the basis of the survey conducted by the NGOs, the Board invited (June 2012) tenders for civil works in 96 slums. However, no bidders responded. Hence, the work was re-tendered (August 2012) and awarded (May 2013) to the lone bidder at a cost of ₹ 48.28 crore which was 42 per cent above the estimated cost of ₹ 34.11 crore. The scheduled date of completion was May 2014. However, as of March 2014, expenditure to the tune of ₹ 10.38 crore only was incurred.

Though, the Board had initially planned to implement the project in 362 slums in three phases, based on the survey, it was decided to implement it in 178 slums only. Against this, slum development component was taken up in 96 slums in Phase I. However, due to paucity of funds, implementation of the project was put on hold in respect of 14 slums.

Hence, inordinate delay on the part of the Board in finalisation of the tender procedure and execution not only resulted in cost overrun, but in partial implementation of the project as well. Besides, the objective of reducing the UFW was not achieved.

During Exit Conference, while agreeing that the UFW was on the higher side the Government stated that the UFW would be reduced to 16 *per cent* in the areas where the project under distribution network improvement programme was taken up. The Government further stated that since the project was investment driven, it would take time to implement the project in all the areas. It also stated that they would be initiating the actions such as to provide meters to all the connections under GBWASP scheme, identify and disconnect all unauthorised connections and provide bulk flows meters to all slum feeder lines.

2.2.8.2 Management of Ground Water

Master Plan, 2002, study on Ground Water Scenario by Central Ground Water Board as well as the Expert Committee observed that the ground water usage was greater than the present recharge rate and stated that within 15 years, it needed to be reduced to a sustainable level as there was a risk of depleting the resource totally. A general resource strategy for Bengaluru was formulated both by the Master Plan, 2002 as well as Expert Committee which contained protection of groundwater from pollution and using to its sustainable limit where a piped supply was not available, encouragement of rainwater harvesting, conservation and preservation of all the water bodies, use of treated wastewater for irrigation and some other industrial and non-potable purposes as an economic alternative to Cauvery water to be used, create awareness among the water users about scarcity of water and to conserve the same and Drought and Emergency management plans should be developed and introduced as needed.

(a) Exploitation of Ground Water due to delay in implementation of GBWASP

The stipulated period of completion of GBWASP project was three years after administrative approval (December 2003). The project also included House Service Connection Component (HSC) for the beneficiaries who had paid beneficiary capital contribution charges to avoid frequent road cutting. Though, the work was entrusted between April 2005 and December 2009, the work was completed during the period June 2008 and December 2013 *i.e.*, after delays ranging from two to 80 months. In spite of directions issued by the Project Steering Committee, the Board did not prepare water supply plan,

project implementation schedule and action plan for the project which accounted for the delay in implementation of the project. Further, the Board had awarded (April 2007) the contract for providing and laying of the feeder mains after a lapse of two years after award of work for providing water supply facilities under Phase I. The work of feeder main was completed between December 2012 and June 2013.

Meanwhile, the State Government accorded (August 2008) sanction for drilling new borewells alongwith energising existing bore wells located in the erstwhile CMC/TMC areas to mitigate the scarcity of water. Accordingly, the Board drilled 1,755 new bore wells and energised 1,734 existing bore wells in four phases during the period June 2008 and August 2011 after incurring an expenditure of ₹ 35.98 crore. Hence, delay in implementation of the project not only resulted in avoidable expenditure of ₹ 35.98 crore, it also resulted in exploitation of ground water. In response, Board stated that drilling of bore wells was required as an alternative source and was a welfare measure to the residents of the area. However, the fact remains that the delay in commissioning the project, resulted in avoidable expenditure of ₹ 35.98 crore.

Further, the State Government in its order had stated (September 2008) that the provision for water supply from the bore wells was temporary and thus, after commissioning of the water supply projects, the use of bore wells was required to be dispensed with, in a phased manner. Audit also observed that the Project Steering Committee had also advised phasing out of water supply through borewell connections during February 2009 and January 2010. However, Audit observed that:

- The Board continued to supply water through borewells even after commissioning of the water supply projects thereby contributing to the depletion of ground water table. The Government stated in the Exit Conference that the project was being commissioned in a phased manner and until Cauvery water was supplied to each household, the bore wells would continue to be operated. The fact, however, remains that ground water was getting depleted due to delay in commissioning of the project.
- As against 6,67,974 properties in the erstwhile CMCs/TMC, HSCs were provided to 1,33,312 properties. Further, out of the HSCs provided, only 87,761 had metered connections. Non-provisioning of HSCs and unmetered connections contributed to increase in UFW/NRW. The Board stated that though Government decided (May 2009) to provide HSC to all the properties in the area irrespective of payment of beneficiary contribution, due to unwillingness of the residents to have metered connections, HSC was not provided. The Board assured that it would make all efforts to meter the balance HSCs. The reply was not justified as the Board has failed to ensure metered connections in all the HSCs and could not collect water charges.

Recommendation 1: Board may take effective and time bound steps to minimise non-revenue water by reducing number of unmetered connections to facilitate billing and revenue collection on actual water consumption basis and by expediting the works already identified by the Board and improving leakage detection.

(b) Rain Water Harvesting Scheme

Rain water harvesting is simple, economical and eco-friendly technique of preserving water and also an effective way to recharge ground water. In exercise of powers conferred under Section 72A of the Bangalore Water Supply and Sewerage Act, 1964, the State Government notified (May 2011) 31 December 2011 to be the date within which rain water harvesting structure for storage use or for the ground water recharge should be provided by every owner or occupier of a building having sital area of not less than 2400 sq ft or every owner who proposes to construct a building on a sital area of not less than 1200 sq ft as per regulations and guidelines issued by the Board.

Audit observed that as at the end of March 2014, only 49,700 out of 55,000 properties had provided rain water harvesting structure. Further, the Master Plan, 2002 had recommended encouraging rainwater harvesting by the provision of a one off rebate to commercial and industrial establishments that install an approved collection system and storage tanks. It also recommended encouraging rainwater harvesting in houses and buildings with larger roof areas. This rebate was to be related to the estimated volume of water saved. However, the Board had not taken any action to either implement the recommendation of the report or to adopt any other means of ensuring total compliance. The Board assured in the Exit Conference that action would be taken to implement the provision of a one off rebate to commercial and industrial establishments who have implemented rain water harvesting system.

Recommendation 2: In order to protect the depleting ground water levels, the Board needs to implement rainwater harvesting as per recommendations of Master Plan, 2002.

(c) Sewerage Management Plan

As per para 3.2.4 of the CPHEEO manual on sewerage, 80 *per cent* of the water supplied gets converted as sewage. Hence, on commissioning (October 2012) CWSS Stage IV, Phase II, against Board supply of 1,355 MLD of water, 1,084 MLD of sewage was generated. However, the existing capacity of the Sewage Treatment Plants (STPs) was only 721 MLD which was inadequate. Further, it was observed that only 549 MLD of waste water was treated against capacity of 721 MLD installed. The under-utilisation was attributed to silting and collapse of sewers due to corrosion which resulted in waste water being discharged in open storm water drains instead of STPs.

In order to overcome the problem, the Board took up (2005-06) the sewerage component under CWSS Stage IV, Phase II scheme. The scheme consisted of installing 11 STPs of 403 MLD capacity, eight intermediate sewage pumping stations (ISPs), five terminal sewage pumping stations (TSPs) along with replacement of damaged and hydraulically inadequate pipelines.

While the Government specified (June 2005) 2005-12 as period for implementation of the scheme, the contract agreement signed (March 2007) with the Project Management Consultant stipulated the scheme to be completed by 31 March 2013 which included defect liability period of one year and the loan agreement was signed during March 2006. The progress of the work undertaken is brought out in **Table-2.12** below:

Table-2.12: Progress of sewerage component as at the end of March 2014

Name of the work	Total no of works proposed	No of works undertaken	Date of award	Date of completion	Expenditure incurred (₹ in crore)	Balance works yet to be taken
Construction of STPs	11	09	October 2012 - March 2014	Under progress	85.08	02
Construction of ISPs	08	05	December 2012- January 2014			03
Construction of TSPs	05	00	-	-	-	05
Rehabilitation of existing sewers	10	10	September/October 2012	Under progress	114.64	00

(Source: Information furnished by the Board)

Audit observed that out of 24 works awarded, while 19 works were awarded during October 2012, balance 10 works were awarded during last quarter of 2012. The stipulated period of completion ranged between 12 to 30 months. Monthly progress report of March 2014 revealed that 10 works relating to rehabilitation of existing sewers were yet to be completed even though the date of completion was stipulated as October 2013. Delay in completion of various works resulted in the sewage being discharged into storm water drainage.

Recommendation 3: Board requires to expedite the works taken up under the sewerage component in order to utilise the full capacity of STPs installed and also to treat the full capacity of sewerage generated.

(d) Implementation of other recommendations

In order to create awareness among the public about the scarcity of water and its conservation, the Board opened a theme park at Jayanagar, Bengaluru about the rain water harvesting scheme. However, the Board had not formulated Drought and Emergency Management Plan which addresses the issue of better conservation of water. Also, efforts on the part of the Board to implement other recommendations of Master Plan 2002 viz., conservation and preservation of ponds/lakes, laying of dual pipeline for supply of water for potable and non-potable purposes separately etc., were not forthcoming. In the Exit Conference, Government stated that arrangements for ‘dual piping system’ were being made for newly constructed highrise buildings. Further,

it was also stated that efforts would be made to preserve the ponds and lakes for conservation of water.

Recommendation-4 : Government may formulate Drought and Emergency Management Plan in view of restriction of drawal of water from the river Cauvery.

2.2.8.3 Contract Management

Scrutiny of records relating to contract management in respect of two schemes revealed the lapses in preparation of estimates, deficiencies in tender, non-compliance with standards prescribed, price variation *etc.*, which are brought out in subsequent paragraphs.

(a) Lapses in preparation of estimates

Estimates are prepared after detailed survey, investigation and structural design/drawings. It also contains quantities of different items of work concerned whose rates are deduced from the current SR which enable the authorities to work out approximate cost of work, cost of tender documents, class of contractors required to execute work, funding of project *etc.* As per PWD code, the estimates should be as realistic as possible.

On scrutiny of the estimates with respect to two schemes CWSS Stage IV, Phase II and GBWASP, it was observed that the Board had adopted incorrect rates and had made unnecessary provisions *etc.*, which had resulted in unrealistic estimates. The observations in this regard are brought out in subsequent paragraphs.

- **Adoption of manual means instead of mechanical means for excavation**

In the absence of any particular item in Board's SR, estimates are prepared on the basis of norms prescribed in PWD SR, Karnataka Urban Water Supply and Drainage Board (KUWS&DB) SR *etc.* The SR of the Board for earth excavation specified rate of ₹ 81 per cum without specifying the type of means, manual or mechanical by which it was to be executed. The Board had adopted the above rate for earth excavation in its estimate and while inviting tenders, it had specified mechanical means for earth excavation for which it did not have specific rate in its own SR. The rate for earth work through mechanical means was between ₹ 28 to ₹ 38 per cum as per PWD SR. Audit observed that the work carried out was a mix of mechanical and manual means as specified in the tender document. However, the payment was made without distinguishing between the two methods. Thus, by adopting inappropriate rates, Board had inflated its estimate by ₹ 29.20 crore. This resulted in settling of higher rates for excavation works with contractors and excess payment of ₹ 30.30 crore (**Appendix-2.3**).

The Board stated (July 2014) in its reply that the tender document had specified that all excavation works had to be carried out through mechanical means unless the work involved was required to be carried out by manual

method. Hence, there was no contradiction between tender specification and work executed. The reply was not acceptable as the contractors quoted their rates as against the inflated estimates resulting in excess payment to the contractors.

- **Additions to estimate to account taxes payable by the contractor**

The estimate pertaining to the five works (W5a to W5e) of CWSS IV Stage, II Phase was revised as the original estimate did not include taxes payable by contractor. The additions were Work Contract Tax @ four per cent, Service Tax @ 4.13 per cent, Labour Welfare Cess @ one per cent and Insurance @ 0.5 per cent. This resulted in revising the estimate by ₹ 81 crore. Since the standard rate analysis provides for an addition of 10 per cent as contractor's overheads, additions to cover the tax liabilities of contractors lacked justification. This resulted in the estimate being inflated, the details of which are indicated in the **Table-2.13**.

Table-2.13: Details of additions of contractor's overheads

(₹ in crore)

Sl. No.	Name of the Package	Original estimated amount	Revised estimate	Amount added towards taxes, cess etc.
1	W5a – Fabrication and Laying Clear Water Mains from T K halli to J K Doddi	103.99	121.38	10.40
2	W5b – Fabrication and Laying Clear Water Mains from J K Doddi to Harohalli	122.20	142.04	12.19
3	W5c – Fabrication and Laying Clear Water Mains from Harohalli to Vajarahalli	131.89	152.72	13.12
4	W5d – Procurement, Fabrication and Laying of Clear Water Mains from Vajarahalli to GKVK II on the west of Bengaluru	233.65	280.30	24.40
5	W5e – Procurement, Fabrication and Laying of Clear Water Mains from Vajarahalli to HBR on the east of Bengaluru	199.62	242.60	21.09
Total				81.20

(Source: Information furnished by the Board)

Thus, accountability of the official for floating estimates resulting in loss to the Board needs to be fixed.

However, the Board stated (November 2014) that the overhead of 10 per cent included in the SR was not sufficient to account for contractor's taxes, insurance liabilities and corporate overheads. The reply was not acceptable as the said overhead was not included while revising estimates in other works W1, W2, W3, W6a & W6b which were awarded under the scheme.

- **Incorrect rate adopted for waterbound macadam**

The estimate prepared for two works (W5d and W5e) of CWSS Stage IV, Phase II included ₹ 1,085 per sq mtr for laying waterbound macadam (wbm). This worked out to ₹ 4,340¹⁷ per cum. However, the SR rate for the said

¹⁷ 1 sq mtr of area with assuming 250 mm thickness wbm = 0.250 cum wbm. Hence, ₹ 1085/sq mtr = 1085/0.250 = ₹ 4340/cum

work was ₹ 1,158 per cum. The quantity of work to be executed in the two works was 7,801.50 cum. Hence, adoption of higher rate resulted in inflating the estimate by ₹ 2.48 crore leading to undue benefit to the contractor for which responsibility needs to be fixed.

- ***Non-adoption of SR rates***

As a best practice, the Board was required to consider SR during preparation of estimates and in absence of rates for any items, Board was to adopt SR rates of either PWD or KUWS&DB.

While preparing estimates for works under GBWASP, Phase I and II, the Board, however adopted DGS&D rates and Board's store issue rate respectively in respect of DI pipes even though SR of the Board was available. Analysis of the rates revealed that the Board had adopted rates which were higher than the rate prescribed in Board's SR. This resulted in boosting up of estimates by ₹ 19.61 crore (**Appendix-2.4**) which was indicative of favour shown to the contractors and loss to the Board.

The Board in its reply stated (November 2014) that at the time of preparation of estimate, the rates of DGS&D/stores issue rate for material component was considered to have a realistic rate. The reply was not acceptable as the Board had adopted DGS&D rate during the Phase I, stores issue rate during Phase II and SR rate for material during Phase III which indicates the inconsistency of the Board in adopting the rates.

Recommendation-5: Board may refer to SRs of other departments of Karnataka Government and review its schedule of rates so that estimates prepared are realistic.

- (b) ***Deficiencies in tender***

The CWSS Stage IV, Phase II contracts were based on FIDIC conditions of contract, while the GBWASP were governed by standard contract conditions of Government of Karnataka. The FIDIC conditions had discouraged changing the specification of works after the opening of financial bids. The Government of Karnataka had stipulated certain periods to be allowed to the prospective bidders to submit their tenders. Scrutiny of contracts against these conditions revealed the following:

- ***Incorrect assessment of requirement***

The work of construction, operation and maintenance of 550 MLD water treatment plant at TK Halli under the CWSS Stage IV, Phase II –W2 was awarded to lowest tenderer during March 2010 after negotiations. Estimated cost of the work was ₹ 145 crore. During negotiation (July 2009), Chief Engineer addressed L1 the possibility of Value Engineering optimisation in clarifier bypass channel, filters and DG set. The L1 indicated lowering of hydraulic retention time in clarifier bypass channel by 10 minutes,

elimination of redundant filter units and lowering of capacity of DG set. Apart from the above, the L1 proposed for reduction in size of Chlorine storage building. Agreement was entered (November 2009) into with L1 after accepting value engineering optimisation in respect of clarifier bypass channel, filters and standby DG set only with discount of ₹ 5.25 crore. The Board forwarded (September 2010) the contract agreement to JICA for concurrence. However, JICA objected (March 2010) to the reduction as it violated procurement guidelines which prohibited changes in technical specification or financial aspects after opening of the bids and directed to revise the contract to original quoted price.

Thus, failure on the part of the Board to assess its requirement correctly and also to propose changes to technical specification, if required, at the time of pre-bid queries, resulted in Board incurring avoidable expenditure of ₹ 5.25 crore.

Board replied during Exit Conference that they would recover the amount in question.

- ***Non adherence to the provision of KTPP Act/Rules***

The Karnataka Transparency in Public Procurement Act (KTPP), 1999 and KTTTP Rules, 2000 under Section 17 prescribe 60 days for submission of tenders in excess of ₹ Two crore. However, while inviting tenders for providing water supply HSCs under GBWASP in four zones the Board reduced the period with the approval of Chairman to 30 days citing reasons such as the works were of simple type which contained fewer specification, assessment of cost of material/labour would require less time, HSC was to be provided immediately *etc.*

Further, the Board invited (August 2010) tenders for the Eastern zone only against which only two bidders submitted their quotations. The work was entrusted (January 2011) to the lowest bidder after negotiations (19 *per cent* above amount put to tender) with stipulated date of completion being January 2012. Hence, by relaxing the tender submission time, the Board lost benefit of competitive bidding due to lack of participation of bidders, which would have resulted in receipt of less rates.

The Board stated (November 2014) in reply that in order to complete the work before commissioning of CWSS Stage IV, Phase II short term tender was invited. The reply was not acceptable, as work with respect to only one zone was taken up which was yet to be completed, though CWSS Stage IV, Phase II had already been completed.

- (c) ***Non compliance with the standards prescribed***

The various components of pipeline works under CWSS Stage IV, Phase II and GBWASP were required to be designed and executed in accordance with relevant CPHEEO, Indian Standards and Railway Standards. In addition, the

project roads had to be built according to Indian Road Congress codes and Ministry of Road Transport and Highways (MORTH) specifications. The deviations observed by Audit are detailed below.

- **Excess excavation provided for pipeline trenches**

The work of laying of pipelines laid under the ground involved excavation of trenches. As per the CPHEEO manual, the width of the trench to be excavated for laying pipes should be in accordance with Indian Standards IS-4127 and the standard prescribed width to be equal to the diameter of the pipe plus 400mm for trenches with depth above 1.20 mtrs.

Scrutiny of records showed that in six works (W1, W5a to W5e), the Board provided width for excavation as ‘diameter of the pipe plus 1,000 mm’ which was in contradiction to the standards specified. This resulted in excess excavation leading to excess expenditure of ₹ 7.38 crore as detailed in **Appendix-2.5** and **Appendix-2.6** requiring responsibility to be fixed.

The Board replied (November 2014) that the minimum width mentioned in the code could vary keeping in view the safety, space required for laying, jointing *etc.* Board also stated that as the pipe size was considerably high, it required careful handling and laying to avoid damage to the pipe. Board, further stated that field welding involved circumferential welding, for which, the said space of 200mm on either side of the pipe was insufficient. The reply was not tenable as machinery was used for laying and handling the pipes with high degree of precision.

- **Adoption of Wet Mix Macadam (WMM) instead of Water Bound Macadam (WBM)**

The three works (W1, W5a and W5b) of CWSS Stage IV, Phase II included road works which involved formation of 160 mm thick WBM. The details of the works are brought out in the **Table-2.14** below:

Table-2.14: Details of road works in W1, W5a and W5b

Name of work	Period of execution	Quantity of work in cum	Rate for WBM as per agreement (in ₹)		Rate for WMM in cum as per the SR(in ₹)	Tender premium (in %)	Rate payable for WMM (in ₹)	Excess payment (₹ in crore)
			in sq mtr	in cum				
W1	2012-13	8,429.00	501	3,131	982	33.70	1,312.93	1.53
W5a	2009-10	12,822.40	220	1,375	981	23.70	1,213.59	0.21
W5b	2009-10	13,445.92	400	2,500	981	23.63	1,212.81	1.73
Total								3.47

(Source: Information furnished by the Board)

The inspection reports of the consultants as well of Chief Engineer showed that the contractor had used WMM instead of WBM. However, payment for the work was made for WBM. This resulted in excess payment to the tune of ₹ 3.47 crore.

The Board stated (June 2014) in its reply that though WBM and WMM were different, they served the same purpose and hence, the WMM was adopted by providing prime coat with slow setting bituminous emulsion and tack coat as per MORTH specification without any extra financial implication and additional cost. The reply was not acceptable as there existed an excess payment of ₹ 1.53 crore even after considering the cost of prime coat as well as tack coat.

- *Provision for excess thickness of bituminous macadam road works resulted in wasteful expenditure*

The Board had provided for laying of bituminous macadam of 60 mm thickness over the 225 mm WBM in the two works (W5a and W5c) of CWSS Stage IV, Phase II. Details of quantity executed and payment made are indicated in the **Table-2.15** below:

Table-2.15: Details of bituminous macadam laid

Name of the work	Rate per sq mtr	Quantity executed (in sq mtr)	Quantity that should have been executed as per IRC 37 (in sq mtr)	Excess quantity executed (in sq mtr)	Excess expenditure (₹ in crore)
W5c	185	93,790.98	78,159.00	15,631.98	0.29
W5a	400	74,144.30	61,789.67	12,357.63	0.49

(Source: Information furnished by the Board)

However, as per IRC 37, the bituminous surface to be provided over WBM of thickness 225 mm was of 50 mm thickness. Hence, by providing bituminous of thickness 60 mm, Board incurred a wasteful expenditure of ₹ 78 lakh.

The Board replied (June 2014) that 60 mm thickness of bituminous was provided in view of possibility of movement of heavy vehicles. The reply was not acceptable as the strength of the road depended on the combination of sub base, base, binder and surface course. If a thickness of 60 mm bituminous binder was provided, then the corresponding base course and sub-base course should have been of thickness 250 mm and 335 mm respectively. However, it is observed that while the base course was of 225 mm thickness, the sub-base course was of 165 mm thickness only which was sufficient for 50 mm bituminous.

- *Adoption of incorrect 'C' value*

The CPHEEO Manual in para 6.2.2 observed that despite technological advancement and improved method of manufacturing, current practice of adopting conservative co-efficients of roughness (C values) resulted in under-utilisation of pipe materials. Further, it also stated that AC concrete and cement mortar/epoxy lined metallic pipes did not show any significant reduction in their carrying capacity with age and therefore suggested that design C values should not be substantially different from those adopted for new pipes. Hence, it recommended the Hazzen William Co-efficient 'C' for

both new conduit materials and for design purpose in respect of cement mortar or epoxy lined mild steel pipe of diameter above 1,200 mm and upto 1,200 mm to be 145 and 140 respectively.

Under CWSS Stage IV, Phase II, the Board, however, had adopted a C value of 120 for the work of providing and laying of raw water transmission main, clear water transmission main and city trunk main. Since, the C value was one of the contributing factors in determining the size¹⁸ of the pipe line, reduction in value of C automatically led to increase in diameter of pipe when other parameters remained constant.

Hence, non-adoption of C values as prescribed in CPHEEO manual resulted in providing higher diameter of pipe and also avoidable expenditure of ₹ 81.50 crore, keeping all other parameters same as designed by the Board (**Appendix-2.7**) for which responsibility may be fixed.

The Board replied (July 2014) that theoretically, cement mortar lined large sized steel pipes should have C value of 145 or more as stipulated by the above said manual which was also verified by microscopic measurement of roughness conducted by Indian Institute of Science. However, it stated that in-situ observations on cross country pipelines rarely indicated an effective C value of more than 130. This was due to additional minor losses at joints due to lack of pockets in pipelines *etc.*, and in this context, Board stated that the C value of 120 was taken.

The reply was not acceptable as the tests and field observations made by the consultants (May 2008) were on old pipes where the carrying capacity slightly gets reduced during course of time. Further, as the design capacity of the pipes was for 540 MLD, the actual quantum of water required to carry was only 500 MLD. Thus, there existed a cushion of 40 MLD to discount for the possible reduction in carrying capacity over period of time.

(d) Price variation

The contracts for CWSS Stage IV, Phase II included in them a price variation clause which envisaged compensation to the contractors for the fluctuation in the cost of inputs to the work. The formula was devised and embedded in the contracts to facilitate the calculation of amount of compensation. Scrutiny of these formulae and calculations by audit revealed the following cases of excess payments as compensation of price rise.

¹⁸ Hazzen William formula is used for calculating the diameter and velocity of flow in case of pressure conduits. $Q = 1.29 \cdot 10^{-5} C d^{2.63} S^{0.54}$ where Q is the discharge in cum/hr, d is the diameter of pipe, S is the slope of hydraulic grade line and C Hazzen William co-efficient.

- *Excess payment on account of adoption of inappropriate indices for calculation of price adjustment factor*

The Board had entered (February 2009) into a contract with M/s Steel Authority of India Limited for supply of MS Plates for three works (W5a, W5b and W5c) of CWSS Stage IV, Phase II. Under the special conditions of contract, the prices payable to the supplier were subject to adjustment to reflect changes in the cost of labour and material components. For this, indices for goods supplied from within the purchaser's country and for goods supplied from outside the purchaser's country were indicated separately.

It was observed that the Board had calculated price variations for material component for all the interim payments adopting indices applicable for the goods supplied from outside the purchaser's country. However, while calculating the price variation for labour component, the price indices for goods supplied from within the purchaser's country was adopted. Since M/s. SAIL had quoted its rates for goods supplied from within the purchaser's country, the Board had to adopt indices pertaining to it for calculation of price adjustment towards material. Thus, adoption of inappropriate indices by the Board resulted in excess payment of ₹ 18.85 crore (**Appendix-2.8**), which calls for fixing responsibility in the case.

The Board stated (June 2014) in its reply that the material component consisted of 30 per cent of coal, 30 per cent of metallic materials and 15 per cent of electricity and weighted average of these components is considered to arrive at price index of material component. It further stated that this analogy was common to both goods purchased from outside the country and within the country. The reply was not acceptable as the contract clause clearly included a condition to adopt price indices of Reserve Bank of India (RBI) for goods supplied within the purchaser's country which was accepted by both the parties.

- *Adoption of inappropriate indices in respect of material component for calculating price adjustment*

The Board awarded ten different works (W1, W2, W3, W5a to W5e, W6a and W6b) to different contract agencies. The contract included a sub clause on 'adjustment of changes in costs' wherein the contractor was entitled for payment or liable for recovery towards changes in the cost of labour, material and fuel and power on the interim amounts paid to him during the course of contract period. The indices to be adopted for calculation were on the price index published by RBI for each item.

Scrutiny of contract with respect to all the works showed that in W1 contract, the Board had stipulated that the material portion would be adjusted as per fluctuations in the indices published by RBI for each material used. Further, in respect of all other nine works, the Board stipulated that the material portion would be adjusted as per the fluctuations in the indices for 'all commodities' which included majority of the items apart from cement, steel,

electrical machinery, machinery and machine tools, non-metallic minerals *etc.*, actually used on the work. However, reason for the variation in adopting different indices in different works was not on record.

The whole-sale average price indices published by RBI contained indices for the commodities¹⁹ as well for “All Commodities”²⁰. The weight of actual materials useable on the respective packages considered in the All Commodities ranged from 1.59 *per cent* to 12.87 *per cent* which made evident their poor representation in all commodities.

Thus, prescribing inappropriate item of indices instead of the relevant material indices for material portion to calculate price adjustments by the Board resulted in excess payment of ₹ 150.40 crore to the contractors as detailed in **Appendix-2.9**.

The Board stated (November 2014) in its reply that under these contracts various materials were used such as Aggregates, Sand, Cement, Reinforcement Steel, Wood, Steel for pipelines, Valves, Welding materials, Polythene Sheets *etc.* Hence, price index of RBI for “All Commodities” was appropriate for material component. The reply was not acceptable as only the chief commodities that go into the work have to be considered for price variation and other minor materials whose cost is negligible are to be ignored for simplicity in calculation of price variation amount.

(e) Other irregularities in execution

The execution of work of CWSS Stage IV, Phase II involved huge quantities of earth excavation, pipe fabrication, pipe support systems, reinforced concrete structures, laying of roads, *etc.* Scrutiny of estimates, contracts and their performance revealed the following other irregularities which are detailed in succeeding paragraphs.

- ***Mismatch between excavated quantity and backfilling***

Review of bills of quantities and running account bills of six works (W1 and W5a to W5e) of CWSS Stage IV, Phase II revealed that earth excavation for trenches was carried out in all soils, ordinary rock and hard rock and also there existed item of work for backfilling²¹. In fact, the excavated quantity should match with sum of volume of pipe plus quantity of backfilling. However, it was observed that excavated quantity (19,31,476.07 cum) exceeded sum of pipe volume and backfilling (15,92,634.98 cum) by

¹⁹ Cement, Steel Electrical Machinery, Machinery & Machine Tools, and Other Non metallic Minerals.

²⁰ Food Articles, Non-Food Articles, Plastic Articles, Wood and Wooden articles, manufactured goods, Rubber and Rubber products, Machineries, Minerals, Vehicles and many more items including Cement Steel and Non-metallic Minerals.

²¹ Refilling after positioning and securing pipelines in the excavated trenches is called backfilling.

3,38,841.09 cum. Thus, over measurements were recorded for excavation which led to excess payment of ₹ 9.91 crore to contractor (**Appendix-2.10**).

The Board replied (June 2014) that the quantum of backfilling was worked out after considering the deductions towards the pipe volume, bedding materials wherever applicable, concrete items with respect to thrust block, anchor blocks, valves cisterns. The Board stated that deducting only volume of pipes from the excavated quantity would, therefore, not match with the backfilling quantity. The reply was not acceptable as the excavation for thrust block, anchor block, valve cistern *etc.*, stood separately in the running account bills and has not been considered for calculating earth excavation.

- ***Excavation of hard rock by blasting***

The broad scope of the work W1 of CWSS Stage IV, Phase II included construction of raw water channel for a length of about 700 metre from Shiva Balance Reservoir (SBR) including canal intake at SBR, supplying, fabricating and laying of 3,000 mm dia gravity main pipeline of 6.3 km from SBR to Netkal Balancing Reservoir (NBR), supplying, fabricating and laying of 2,600 mm dia ID Steel raw water gravity main of 9.5 km from NBR to water treatment plant at TK Halli. The work involved excavation work for pipe line trenches, open channel as well as canal intake and the excavation involved excavation in soil, soft rock and hard rock. The specification in the bill of quantities included hard rock excavation through chiselling and mechanical breaker and the payment was also for manual means.

The scrutiny of records however revealed that as per the standard basic specification clause 3.8.1 of the contract, the contractor was free to excavate rock by blasting and the Executive Engineer of the Board had given permission (September 2010) to the contractor to excavate rock by blasting. Thus, the Board had extended undue benefit to the contractor to an extent of ₹ 7.16 crore (**Appendix-2.11**).

The Board replied (June 2014) that though the contractor was given permission for blasting, he was denied permission by Karnataka Power Corporation Limited. The reply was not acceptable as the inspection reports of the consultant indicated that the excavation was carried out by blasting. Further, the safety concerns owing to negligence on the part of the contractor while carrying out blasting operations were raised in the inspection reports. Board stated in reply (November 2014), that 42,470.55 cum of excavation was through control blasting and the excess payment of ₹ 1.11 crore made in this regard was proposed for recovery.

- ***Execution of road works by using bituminous macadam***

IRC manual para 4.2.3.1 specifies standards for road work. As per the standard, bituminous macadam is the binder course to be provided between base course and surface course. Scrutiny of the estimate and bills of quantities of three works (W1, W5a and W5b) of CWSS Stage IV, Phase II

showed that the Board had provided the following specification for the binder course:

‘Supplying and spreading 25 mm and 40 mm metal up to 80 mm thick rolling with power roller weighing not less than 10 tonnes, spraying bitumen of grade S35/S65 @ 5.50ks/m² spreading 12 mm chips, crushing, rolling and finishing the work with a second coat of asphalt of grade S35/S65 etc’. Against the estimated price of ₹ 406/sq mtr, the contracted price was ₹ 429/sq mtr.

Audit observed that against the above technical specification, during execution, bituminous macadam was provided. Though, the rate for 50 mm bituminous macadam using 80/100 bituminous grade as per SR 2009-10 worked out to ₹ 275.36/ sq mtr (₹ 4,119 /cum plus tender premium of 33.70 per cent was ₹ 5,507.10 / cum), payment was made at ₹ 429/sq mtr. Hence, Board incurred an excess expenditure of ₹ 2.49 crore in the three works as detailed in **Table-2.16** below:

Table-2.16: Details of extra expenditure incurred

(₹ in crore)

Name of the work	Quantity of work (in sq mtr)	Payment made as per contract price	Amount for bituminous macadam	Excess expenditure
W1	63,200.00	2.71	1.74	0.97
W5a	74,144.30	2.97	2.04	0.93
W5b	77,406.00	2.72	2.13	0.59
Total		8.40	5.91	2.49

(Source: Information furnished by the Board)

The Board stated (June 2014) in its reply that the specification in the Bill of Quantity (BOQ) was of old and conventional method. Further, it stated that the method adopted for execution was more reliable and advanced since it was faster and stronger than the conventional method. The reply was not acceptable as bitumen of grade S35/65 was superior. Moreover, the Board had not received any rebate for the said work.

- **Use of Fe 415 instead of Fe 500 Steel**

The six works (W1, W5a to W5e) of CWSS Stage IV, Phase II alongwith fabrication and laying of pipeline involved substantial quantity of reinforcement cement concrete work for different structures such as saddle support, anchor thrust block etc. The different grades of steel used as reinforcing bars in the RCC were Fe415, Fe500 etc. The Board while preparing estimates for the above work had used PWD SR 2008-09 and the said SR had adopted price of Fe500. Hence, the rate of Fe500 was loaded into the estimates of the Board. It was, however, observed that the Board in its technical specification had mentioned Fe415 and the contractor though had used Fe415 steel in the said works, had quoted rates of PWD SR 2008-09 which was of Fe500 steel.

Since the strength of one MT of Fe500 steel was equal to 1.20MT of Fe415 steel, in place of 1.20MT of Fe415, it would be enough to use one MT of

Fe500 steel. Thus, there would have been 16.66 *per cent* of savings in steel had Fe500 steel been used. Hence, failure of the Board to use Fe500 steel even after loading it in estimate and also the BOQ resulted in excess payment of ₹ 8.69 crore to the contractor. (**Appendix-2.12**).

The Board stated (June 2014) in reply that the rates considered as per SR was only for estimate and the rates quoted by the contractor were as per specification given in the technical specification. Further, it also stated that SR 2008-09 specified TMT steel without any confirmation regarding the grade of steel and hence could not be construed that SR included the rate of Fe500. The reply was not acceptable as the contractor had quoted the rates of SR 2008-09 and the said SR considered rate of Fe500 for TMT steel as per order dated July 2008.

2.2.8.4 Quality Control

(a) Quality of Water

The Master Plan, 2002 prepared with the assistance of AusAID had not dealt with the quality of water which was an integral part of the Water Supply Management. The Board was expected to ensure that water supplied to the residents was potable and conformed to the standards prescribed by the CPHEEO. In this regard, it had set up one Central Water Testing Laboratory. The inadequacies in monitoring of quality of water are detailed below:

- The zonal maintenance divisions of the Board were required to investigate the reasons for contamination, in case water samples drawn by the laboratory were found to be non-potable. Scrutiny of records maintained in the laboratory revealed that the number of unsatisfactory samples was on the increasing trend. While the percentage of unsatisfactory samples was 2.12 during 2010, it had increased to 2.21 *per cent* at the end of 2013. It was, however, observed that no action taken reports were received from the concerned maintenance divisions. The Board replied (November 2014) that action would be initiated to obtain the action taken reports henceforth.
- Chapter 15 of the CPHEEO Manual as well as the IS:10500 prescribed the requirement, methods and frequency of sampling and tests for quality of drinking water. Further, as per section 4 of IS:10500, drinking water had to comply with the requirements given in table 1 to 5. The contract agreement of construction of 540 MLD WTP under the CWSS Stage IV, Phase II included test of quality of treated water as per CPHEEO standards. Review of the records of the laboratory established by the agency revealed that tests for substances like poly chlorinated biphenyls, bromoform, dibromo chloro methane, bromo dichloro methane, chloroform, pesticide residue and radio activity were not carried out by the agency.
- Analysis of water as per the manual of CPHEEO included physical, chemical and bacteriological examination. Review of the records of the

laboratory of the Board revealed that tests for manganese, copper, zinc, aluminium were not conducted even though the required equipment was available in the laboratory. Further, tests for toxic substances viz., mercury, selenium, chromium, cyanide, phenolics, pesticides, hydrocarbons and radio activity were not conducted as the required equipments did not exist in the laboratory. The Board stated that action would be taken to conduct the required tests.

- The CPHEEO manual prescribed minimum staff strength of two water analysts, three laboratory technicians and three sample takers required for testing volumes of water more than 7.5 MLD. However, the Board had established only one laboratory which had two water analysts and three laboratory assistants for testing 1,355 MLD of water. It was observed that the testing was done randomly without ensuring coverage of the 30 sub-divisions and 100 service stations at regular intervals. The Board stated (May 2014) that the staffing pattern would be worked out.
- Though, administrative approval was accorded (July 2011) for upgrading the laboratory which included civil works, interiors, procurement of equipments *etc.*, work was yet to be taken up (August 2014) which resulted in ineffective water quality monitoring and testing.
- Manual of operation and maintenance of the water supply systems issued by CPHEEO covered inspection of water system at the source point, transmission mains, treatment plants, storage reservoirs and distribution systems under sanitary inspection. This was a fact finding review to uncover deficiencies and inadequacies that could lead to contamination of water. However, the Board did not have any system of sanitary inspection of all the water supply system created. The Board stated (July 2014) in reply that water was treated at water treatment plant, the reservoirs were also periodically scoured and chlorine boosted and there were very rare cases of contamination. Further, it was also stated that periodical inspection was carried out by the Engineers in their respective jurisdiction and in case of complaint, action was being taken to find out the cause and rectify the same permanently.

Recommendation-6: Board is required to adhere to the requirements as prescribed in the CPHEEO Manual with regard to quality testing of water by upgrading the existing laboratory.

(b) Quality of Material

Based on the recommendations of the Standing Committee for procurement reform action plan, the State Government issued (February 2005) important instructions which stated that third party inspection should be mandatory for all the works contract of estimated value more than ₹ Two crore. It also instructed to employ quality supervision consultant who was required to inspect the work periodically, submit reports along with prescribed checklist.

The review of the records by Audit revealed that in respect of 18 works awarded during 2008-10, the Board had not appointed any quality supervision consultant or third party inspectors though the estimated cost of each work was above ₹ Two crore. Instead, Board had engaged its own engineers along with manufacturer's representative to inspect the quality of materials brought by the contractors, which was not in order. Thus, quality of the material was not ensured.

2.2.8.5 Operations and Maintenance

Manual on Operations and Maintenance of Water Supply Systems issued by CPHEEO prescribed for preparation of comprehensive Operations and Maintenance Plan and Manual by all agencies which were entrusted with water supply. Further, the plan so prepared was to be periodically reviewed and modified based on the technological advancements. It also prescribed preparation of Preventive Maintenance Schedule which should contain maintenance of pipelines, servicing of valves/expansion joints, maintenance of valve chambers, maintenance of tools/consumables, etc.

It was, however, observed that neither a plan nor manual on Operations and Maintenance was prepared by the Board. The circulars issued to the maintenance divisions for monitoring valve operations was treated as Operations and Maintenance Plan. Further, the Board did not provide any details on the Preventive Maintenance Schedule.

The scrutiny of budgetary allocation and actual expenditure during 2009-14 in respect of Operations and Maintenance revealed that there were huge savings which ranged from 27 per cent to 51 per cent. The Board stated (July 2014) in its reply that due to paucity of funds, it was unable to take up new maintenance works but rather concentrated on regular maintenance such as plugging of leakages, works of emergency nature, etc.

The Board, however had excessive arrears in revenue which had increased from ₹ 281.18 crore in 2009-10 to ₹ 342.45 crore in 2013-14. This indicated inefficiency in revenue collection. It was also observed that Board had not revised its water tariff since 2005 even though Karnataka Electricity Board had revised its tariff time and again and the Board had revenue deficit since 2005-06 onwards. The Board stated (March 2014) in its reply that a proposal for revision of water tariff has been submitted to the Government for consideration. The reply was not acceptable as the Board is empowered to revise its tariff without reference to the Government.

2.2.9 Conclusion

Though, the Board had prepared a Water Supply and Conservation Management Plan in 2002, it was yet to implement many of its recommendations namely formulation of Drought and Emergency Management Plan, preservation of ponds/lakes, laying of dual pipelines for

supply of water for potable and non-potable purposes *etc.*, which addresses the issue of conservation of water. Further, the Board has been struggling to keep pace with the rapid urbanisation of the city and the water supply infrastructure created by the Board has failed to match the demand. Delay in commencing projects for combating UFW resulted in increase of UFW thereby increasing loss of revenue.

Central Water Testing Laboratory which was understaffed and lacked infrastructure could only partly comply with the standards prescribed in CPHEEO manual with respect to ground water quality. Not only were the capacities of the STPs inadequate, but they also remained underutilised.

The estimates prepared by the Board were unrealistic as these were inflated on account of unnecessary provision in the estimate, incorrect rates adopted, wrong items used *etc.* Adoption of inappropriate indices for price adjustment factor, execution of work of different specification *etc.*, resulted in excess payment to contractors.

The matter was referred to Government in September 2014; reply yet to be received (October 2014).



CHAPTER-III

INFORMATION SYSTEMS AUDIT

CHAPTER-III

INFORMATION SYSTEMS AUDIT

DEPARTMENT OF HOME

3.1 Police IT-2000

3.1.1 Introduction

The Department of Police (Department) had envisaged a project for comprehensive computerisation of the Karnataka State Police 'Police IT 2000' (Police IT) during 1999 with the objective of achieving higher levels of performance in dealing with crime, law and order, security and traffic management, reducing delays in attending to the complaints and providing high quality service to the general public. The work relating to 'Police IT 2000 Software' which included system design, development, installation, user training, implementation and maintenance was awarded (February 2004) by the nodal agency viz., State Crime Records Bureau (SCRB) to M/s Wipro Limited (agency) for ₹ 1.90 crore to be completed within 65 weeks. The project consisted of the following 12 modules.

- | | |
|--------------------|---------------------------------------|
| 1. Crime | 7. Administration |
| 2. Traffic | 8. Finance |
| 3. Stores | 9. Law and Order |
| 4. Motor Transport | 10. Forensic Science Laboratory (FSL) |
| 5. Training | 11. Wireless/Control Room |
| 6. Armed Reserve | 12. Executive Information System |

The modules went live over a period from 2006 to 2011²² with most of the modules having been rolled out in 2011. Though, the agency had completed all the 12 modules at a cost of ₹ 2.95 crore, one module (Administration module) was yet to be implemented in full.

The maintenance as well as enhancement of Police IT was entrusted (December 2011) to M/s. Hewlett Packard India Sales Pvt. Ltd as the System Integrator (SI) under the Government of India project 'Crime and Criminal Tracking Network and Systems' (CCTNS). The enhancement was to bridge the gap between existing Police IT and requirements of CCTNS. Work was in progress (October 2014).

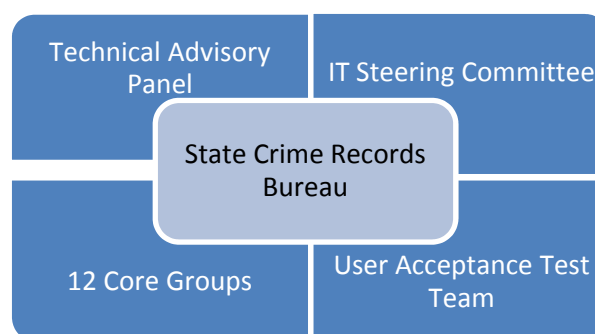
Police IT was a role-based web application with different roles assigned to each cadre in the Department. Further, a Wide Area Network (WAN) of leased lines and Broadband connections had been created to provide

²² 2006 (1 module), 2010 (3 modules) and 2011 (7 modules)

connectivity to all the units of the Department. The application software had been hosted at the Karnataka Police Data Centre located at Bengaluru over the WAN for all the user offices across the State to access the software. In respect of disaster recovery management and business continuity plan, the Department had set up a Disaster Recovery (DR) centre in a different location and the data replication to the DR centre was in progress (May 2014) under CCTNS project.

3.1.2 Organisational set-up

The Department functions under the overall control of the Additional Chief Secretary, Home who is assisted by the Director General and Inspector General of Police. The Department consists of five Commissionerates and seven Ranges, each headed by a Commissioner and Inspector General of Police, respectively. The nodal agency SCRB was guided by technical and domain expertise formations as indicated below in governance of Police IT.



3.1.3 Audit Objectives

The audit of Police IT was undertaken to ascertain whether:

- Adequate IT management controls existed to ensure that implementation of project was planned systematically and requirements adequately assessed.
- Data available in the system and the information generated through the IT system was complete, correct and reliable.
- Adequate access controls to the system were in place.
- IT Governance at the entity was effective to ensure that the envisaged objective of introduction of Police IT 2000 in the functional areas of Department was achieved.

3.1.4 Audit Criteria

The criteria for the audit were the Karnataka Police Manual, Karnataka Financial Code and generally accepted practices in implementation of information systems.

3.1.5 Audit scope and methodology

The audit, which was conducted between January and May 2014, covered the planning and acquisition process, system development activities such as requirement gathering, testing, implementation and maintenance, data quality and data centre management of the Project. The methodology adopted included examination of files in relation to acquisition and development of the Project, analysis of data for integrity and reliability and study and testing of application interface. IDEA (data analysis software), MS Excel and SQL queries had been used to analyse the data. Data pertaining to the period 2010 to 2013 was analysed.

3.1.6 Audit findings

3.1.6.1 Managerial Controls: Project Governance

Project Governance in respect of an IT project is concerned with planning, monitoring and controlling the IT processes of requirements, definition, design, development, testing, training and implementation as applicable to the context so that the information system achieves the desired results within the planned timelines and budget.

We observed that:

- There was no User Requirements Document for Police IT describing the functional requirements of the Department. Also, though the preliminary and detailed Software Requirements Specifications (SRS) were prepared by the vendors (CMC Ltd and Wipro respectively), the core groups headed by senior level officers of the Department which were formed to study and certify the coverage of requirements in the SRS had not furnished the certificate in respect of both the SRS documents. This indicated lack of confidence or business process owner involvement on the SRS documents prepared which were the blueprint for the product to be delivered. The Government in its reply stated (November 2014) that as the SRS was based on the user requirements only, it was felt not necessary to obtain the certificate from core groups. The reply is not acceptable as the circulars constituting the core groups mandated the coverage certificate by the core groups.
- Further, there was insufficient co-ordination and control over the requirement gathering process by the agency, which resulted in four significant change requests, at a cost of ₹ 1.05 crore and delay by about six years in implementing the project. No specific reply was received from the Government.
- The User Acceptance Test (UAT) was not systematic as the criteria for the UAT had not been planned in advance but were decided during the course of the UAT exercise. Hence, various defects that existed in the software were not noticed during the UAT. The Government in its reply

stated (November 2014) that the UAT done earlier to 2010 was not comprehensive and UATs done later for the change requests were systematic. However, despite the two UATs, various defects existed in the software.

3.1.6.2 IT Operations: Access Controls and Continuity Planning

We observed inadequate controls regarding access controls and continuity planning as mentioned below:

- There were no controls to ensure password strength as the system did not enforce password complexity as well as periodical password change. Hence, the system accepted weak passwords exposing the users to risk of password cracking. Further, there existed no policy on password security to implement such requirements. The Government stated (November 2014) that the issue had been addressed.
- Analysis of tables of various modules and also home page for the users showed that there was no consistency in assignment of roles to various cadres in the Department as can be seen in **Table-3.1**.

Superintendents of Police for each district were the Foreigner Registration and Arms Licence Approval Officers within the department and as such had to hold the concerned approval roles.

Table-3.1: Illustrative cases of SPs not holding approval roles

Name of the officer & designation	District	Role
Mr. H. Ravikumar , SP	Chikkamagaluru	FRO Approval
Mr. Anuchet, SP	Kodagu	FRO Approval
Mr. Borase Bhushan, SP	Mandya	FRO Approval
Mr. Dayalu, SP	Shivamogga	Arms Licence Approval
Mr. R.B. Mohan Reddy, SP	Mysuru	Arms Licence Approval

(Source: Police IT database)

However, it was seen that these approval roles were allotted to Police Constables and other lower level staff of District Police Officers (DPOs) (25 cases – Police Constables, 21 cases –Head Constables). Few cases are listed in **Table-3.2**. This arose due to the lack of control over the process of assignment of roles to users in the application.

Table-3.2 : Illustrative cases of constables holding approval roles

Name of the official and designation	District	Role
Basavaraj, Police Constable	Kalaburagi	FRO approval
Sathyamurthy B N, Head Constable	Kodagu	FRO Approval
Chandru V.M., Head Constable	Kodagu	FRO Approval
Manjunatha K H, Head Constable	Shivamogga	Accounts Approval
Manjunatha K H, Head Constable	Shivamogga	Stores Approval

(Source: Police IT database)

There was no audit trail to log the grant of roles to users as well as revocation of roles. Conceding the issues, the Government stated (November 2014) that assignment of roles has been set right and audit trail for granting roles has been implemented.

- Though the backup policy mandated restoration of the monthly backups to a test server, the monthly backups moved to permanent storage in tapes were not tested periodically for restorability. In reply, Government confirmed (November 2014) that backup policy has been implemented.
- The Database Administrator's (DBA) activity was not being logged and as such, there was no audit trail for DBA actions. This impacted accountability. The absence of a log of DBA activity was pointed out and the Department replied that the issue would be addressed as part of CCTNS requirements.

3.1.6.3 IT Operations: Third Party Support

As per the terms of contract with the SI under CCTNS, the SI was required to provide personnel having requisite experience and educational qualification for handholding support. Though handholding support, which encompassed handling hardware and software issues, was engaged (December 2012) for uninterrupted operations at end-users locations, we observed that against a handholding requirement of 205 personnel, only 77 personnel were working as of May 2014. This affected the timeliness and availability of handholding support for the units that were to be served. The Department stated (June 2014) that due to high attrition rate, there was no proper response by the SI in this regard.

3.1.6.4 Project Implementation: Module-level deficiencies

Deficiencies noticed in various application controls in nine modules are brought out in the succeeding paragraphs.

(a) Crime Module

Crime Module stores detailed information about the history of the crimes to assist in the investigation process and also generates account of the crime. Test-check of the module and analysis of data showed the following deficiencies.

- ***Lack of provision for viewing/generating aggregate information***

The hierarchy of units in the Department from the bottom to top is Police Stations --> Circle Offices--> Sub Divisional Offices --> District Police Offices --> Ranges --> Police Head Quarters.

Various reports in the crime module consisted of First Information Report (FIR), Petty Case Summary, Number of suicidal deaths, *etc.*

It was observed that reports were available either only for individual Police Stations (PS) or for all the PS put together. The system responded incorrectly with a message “There are no FIR entries for the above search criteria” on any intermediary levels of aggregation being chosen. This defect was also found in other report generation screens of Crime Register, FIR Summary, *etc.* Unavailability of crime reports at the circle, district or range level limited

the usability of existing reports for better planning, deployment & monitoring at these levels. This deficiency in MIS design indicated inadequacies in project planning and lack of user involvement at different functional levels of hierarchy.

The Government in its reply (November 2014) stated that the issue has been rectified.

- ***Inconsistencies in Investigation Officer (IO)-wise case status Report***

The work of an IO begins when a case is assigned to him and ends with submission of final report on the case. The system had a provision to generate IO-wise case status report indicating the count of cases taken up, count of final report submitted and count of cases pending with the IO.

Deficiency in report design would indicate nil or low pendencies *vis-a-vis* cases under investigation and provide wrong reports to stakeholders. An officer against whom nil pendency is shown wrongly would be assigned new cases. This scenario may impact overall delivery of policing services. It was observed that the system generated a nil report when the report was generated for any particular officer of a PS while there were actually cases entrusted, final reports submitted as well as pendencies in respect of the officer. The latter was ascertained when report was generated for all the officers of a station where the concerned officer was also listed with details.

- ***Duplication of work***

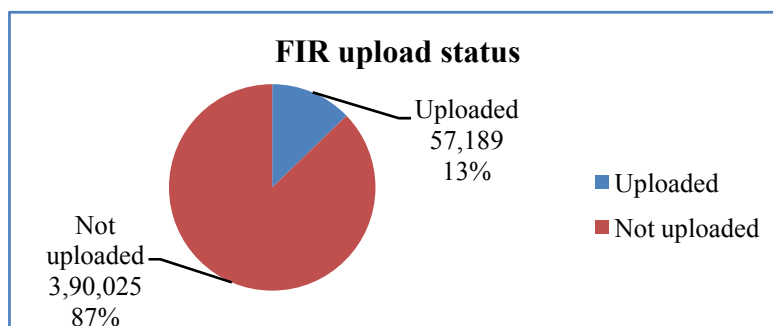
The investigation of an FIR ends with filing a chargesheet or final report. The final report/chargesheet screen provided for preparation of chargesheet and also for enclosures such as Wound Certificate, Post Mortem Report, Motor Vehicle Inspectors Report, *etc.*, through uploading. These documents, which were gathered during the progress of investigation were available in the form of case diary enclosures. However, it was seen that the system did not have a provision to utilise the documents relating to the case already uploaded and available in the system from the FIR stage or thereafter. This resulted in duplication of work for the user apart from redundant uploads.

The Government in its reply stated (November 2014) that appropriate instructions were issued to the SI to make the changes in the application so that the documents uploaded in the previous screens could be available in the final report screen to avoid duplication of work.

- ***Non-utilisation of document upload facility***

The system enabled information flows and access to records generated/maintained at Police Stations by way of data entry supported by scans of relevant base documents. In relation to an FIR, the system provided for upload of four different types of documents *viz.*, Complaint Copy, Property Copy, Photos and Reasons for delay.

Analysis of list of FIRs and list of corresponding uploads revealed that out of 4,47,214 FIRs which were based on written complaints, the complaint copy was not uploaded in 3,90,025 FIRs (87 *per cent*). This had the risk of records being misplaced and also non-achievement of the basic objective of the project *viz.*, to reduce manual work and better access to information.



Government stated (November 2014) that SCRB had instructed all end users to mandatorily upload all documents relating to FIRs. Though, instructions have been issued, concerned field in the application has not been made mandatory.

- ***Duplicates in Crime Number allotted***

The FIR table consisted of details of FIRs registered in PS all over Karnataka. Each FIR was identified by a 17 digit field crime number (*crime_no*) which was a combination of the year, the serial number of the crime, the *unit_id* of the PS *etc.*, and was the key to locate related records in 51 different tables such as for serving summons, final report, finger print results, trace goonda details, previous conviction details *etc.*

It was, however, noticed that there was duplication of crime number in respect of 20 different records *i.e.*, same crime number was given for two different cases. This had the risk of creating confusion while issuing summons, identifying finger print details and also generating reports. The Government stated (November 2014) that the issue had been fixed and validations were in place and no duplicates had been reported in 2014. The reply is not acceptable as the existing database still contains records with duplicate crime numbers, for which unique numbers have to be generated.

- ***Defective input controls***

The functionality for entering an FIR provided for capturing the details of the offence including the beginning and ending period of the crime during which an offence was committed.

We observed that the application did not carry appropriate date validations for the critical start and end dates pertaining to the crime. During data analysis of FIR table, it was seen that in respect of 912 cases, the FIR date pre-dated the end of the crime date by one day to as much as 30 days and more. This resulted in defective FIRs.

On this being pointed out, the Department stated that it has put all the required validations in place. Though the reply is acceptable, the reply is silent on the corrections to the data already existing in the database.

- ***Faulty Monthly Crime Reports***

Monthly Crime Reports menu consisted of various individual reports. Title of one such report was on cases of robbery/dacoity/professional poisoning in running trains. However, on generating the report, it showed cases which included cases other than those indicated in the title. For instance, it was observed that Case No. 0076/2013 IPC 1860 U/s 302 dated 20/06/2013 Thirumalashettahalli PS, Bengaluru District was pertaining to murder case in a residence as per 'Brief facts' indicated in the report, which should not appear in the report pertaining to crimes committed in running trains. Department in reply stated that this was due to erroneous data entry and/or inadequate input and validation controls in the Graphical User Interface (GUI). Such defective reports defeat the very objective of effective monitoring and pursuing crime cases and also reduce stakeholder confidence in the reliability of the information.

The Government in its reply stated (November 2014) that necessary inputs and validation controls have been put in place.

- ***Editing of case diaries – lack of audit trail***

Case diary is a chronological log of activities done by the IO in respect of a case. It was observed that the system permitted editing of previous case diaries. Further, no trail existed in the system to indicate that a particular case diary had been edited. This allowed the IO an opportunity of expunging certain entries previously made without any trace. This impacted reliability of the case diaries.

The Government stated (November 2014) that Audit Trail function was implemented. However, the fact remains that the system still permitted to edit case diaries until a new case diary was opened. Hence, distortion of facts could not be ruled out.

(b) Traffic Module

The Traffic Module captures information about grievous accidents, detailed study and analysis of the roads, determining the accident-prone areas to take relevant action to avoid such accidents in future and provide inputs to traffic engineering.

- ***Incomplete data***

The application treated important data needed for traffic analysis as optional information. It was observed that by not making the vital information fields mandatory such as injury details, accident cause, vehicle manoeuvre, road

classification, spot conditions at the time of accident, road markings, details of passengers *etc.*, were not entered in the tables pertaining to traffic investigation and analysis. Hence, the traffic analysis and traffic engineering was hampered.

The Government in reply (November 2014) stated that the officers concerned were instructed to update these data with immediate effect.

- ***Inconsistencies in reports***

The traffic module provides reports such as month-wise traffic analysis reports, statement of fatal and non-fatal cases *etc.* There were inconsistencies in the statistics generated in various reports which is detailed in the **Table-3.3** below:

Table 3.3: Inconsistency in reports of Whitefield Traffic Police Station for the period 1.1.2013 to 31.12.2013

Statement showing the number of fatal and non-fatal cases reported, persons killed and injured	Killed:458 Injured :3,778 Total cases : 37
Statement showing report vehicle wise	Male fatalities: 931 Female fatalities :72 Total cases 52
Accidents classified according to type and number of vehicles and persons involved for the year 2013	No. of accidents : 37 No. of vehicle involved : 61 No. of persons involved :24 No. of persons killed :4
Accidents classified according to age of vehicle	Total No. of fatal cases : 1,06,265 Total number of accidents :4,29,330 Number of persons killed: 86,22,085

These rendered the reports unreliable. The Government while agreeing (November 2014) that there existed discrepancy in the reports, stated that data output in the reports were being verified and corrected.

- (c) ***Stores Module***

The Stores Module handles all the activities related to stores and procurement for the Police Department such as the cycle of indents, quotations, purchase orders, stock details and issue of stores. Test-check of the stores module interface and data analysis of the stores module revealed the following deficiencies.

- ***Nil value purchase orders (POs) and incorrect information in stock report***

We observed that the unit prices of the items purchased were entered as zero in respect of 3,177 out of 8,210 purchased items. For instance, in PO Ref No.05/2013-14 dated 15/04/2013, unit cost and total cost for all 10 stationery items (*i.e* A4 Paper, File Board, Covers *etc.*) was indicated as nil.

This resulted in PO amount being shown as zero in 727 out of 2,900 POs (April 2011 to December 2013).

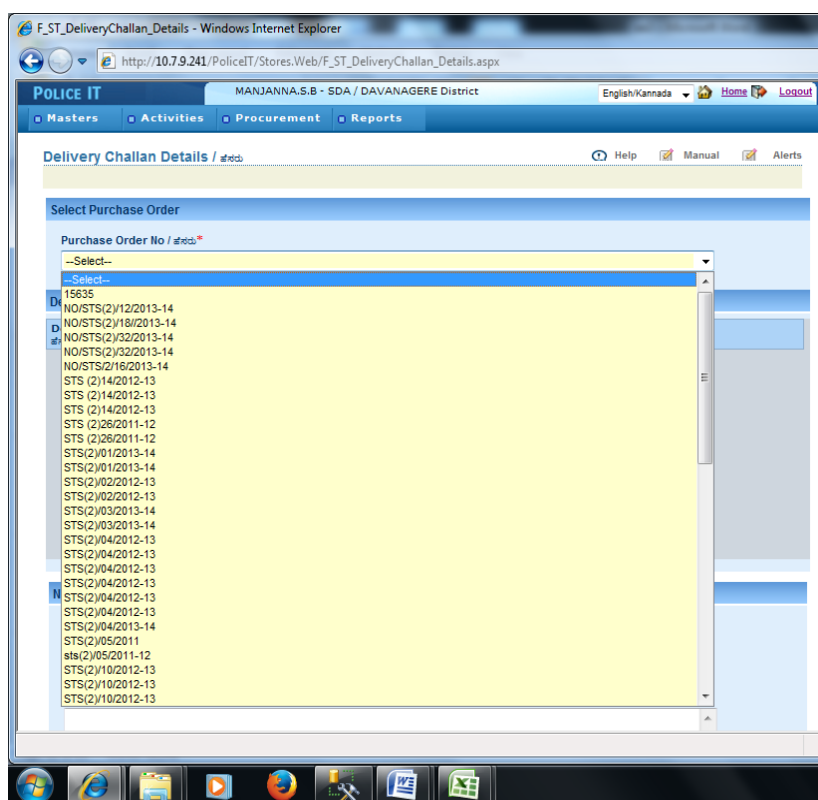
The stock ledger details report which was meant to show batch-wise quantity of an item, the rate per unit in the batch, value and total value item-wise were showing the rates and totals as zero. This indicated that the inputs for purchase order details were not properly validated. Hence, the outputs such as the PO, Stock Ledger Report were unreliable. Further, there was risk of expenditure being understated.

The Department stated (November 2014) that the module was not being used regularly. The reply was not acceptable as the entries were as recent as December 2013.

- **Drop down list entries not unique – defective user interface**

When items were received against a PO, the receipt of such items was recorded in the Delivery Challan Details Screen by selecting the concerned PO reference. We observed the following deficiencies:

- ✓ The PO reference used in this screen was not unique to a PO as it was not system generated. This number was often the purchase file number from which several purchase orders originate. Thus, several POs had the same PO reference.



- ✓ Defective design of user interface to relate delivery challans to POs resulted in the dropdown list being contained with repeated values of PO references as shown in the picture. This was confusing to the user as the user had to use trial and error to locate the correct PO.

Government confirmed in reply (November 2014) that they were using PO number as both purchase order number as well as file number. Hence, the deficiency was yet to be addressed.

(d) Motor Transport Module

The Motor Transport module enables management of motor vehicles belonging to the Department. This module provides for logging day-to-day activities of vehicles, drivers, fuel for all the units of Department. Test-check of the module and analysis of data showed the following deficiencies.

- **Vehicle Log**

The Vehicle Log functionality enables user to record and view and search the log of their vehicle usage and fuel filling.

- **Editable vehicle log without audit trail**

The vehicle log was a chronological record pertaining to the vehicle containing the timing and locations which were visited and distances travelled which also constituted a record of the movements of the person involved. However, it was observed that the system provided an edit option to edit previous entries. Further, there was no audit trail in the system to track such changes. This impaired the reliability and integrity of the vehicle log.

The Government stated in reply (November 2014) that the SI was instructed to make necessary improvement in the software and the issue was identified as a software bug.

- **Inconsistency between starting and ending meter readings of vehicles**

In respect of 4,886 vehicle log entries out of 64,81,606 entries, it was noticed that end reading of the meter was lesser than starting reading. This indicated that there was no validation between two fields. This impacted accuracy of mileage figures, total kilometers run apart from unreliable data about fuel consumption and other vehicle efficiency parameters.

Government in reply (November 2014) stated that necessary validation controls have been put in place during September 2014.

- ***Non validation of quantity of fuel purchased due to omission in table design***

The Department is equipped with different types of motor vehicles such as two wheelers, jeeps, cars, and vans *etc.*, which are allotted to various units. Important information about the vehicles such as registration number, chassis number, vehicle make, seating capacity *etc.*, were being captured in a vehicle master table. However, it was observed that the capacity of the fuel tank was not included in the table.

The filling of fuel for vehicles was against fuel indents and the use of these indents was also recorded in two other tables in Police IT.

Out of 6,05,800 fuel indent records, we observed:

- a) In 18,843 records, the quantity of fuel filled was 0 litres.
- b) In 2,567 cases two wheelers had been fuelled in excess of 20 litres (average fuel tank capacity of two wheelers is taken as 15 litres). The total volume of fuel so filled (1,26,726 litres) in excess of 20 litres was $(1,26,726 - 2,567 * 20)$ litres = 75,386 litres.

The fuel tank capacity of the vehicle, an important attribute of the vehicle had been left out from the design of the table. Due to this omission, the system had no way to validate the quantity of fuel purchased in each instance against the fuel tank capacity. The Government stated (November 2014) that appropriate validation had been put in place during August 2014.

- ***Departmental Petrol Bunks - Closing Balances of fuel open to adjustment by editing previous indents***

The Department operated 15 departmental petrol bunks to issue fuel to police vehicles. These petrol bunks procured fuel from petroleum corporations such as Indian Oil Corporation and in turn issued to police vehicles belonging to different units on the basis of their fuel indents.

We, however, observed that the application allowed the user to edit the quantity of fuel issued on previous dates which resulted in showing a correspondingly increased or decreased balance quantity of fuel on hand in the bunk in Police IT. This, coupled with lack of validation controls on the quantity of fuel issued brought out in the previous paragraph gives scope for manipulation of stock on hand.

The Government replied (November 2014) that the usability and robustness of software would be improved by building appropriate validation controls. The reply is not acceptable since building appropriate validation control does not address the issue of editing previous entries.

- ***Employee vehicle licence details not updated***

Analysis of Employee Licence details of 4,818 drivers available in Police IT database revealed that the licences of 1,276 drivers had lapsed. However, no alert report was generated for timely renewal of licence.

The Government replied (November 2014) that it had issued instructions to the users to update the licence renewal information mandatorily. It also stated that as an additional measure, necessary improvement would be made in Police IT application to generate advance alerts for timely renewal of driving licences.

(e) Training Module

The Training Module deals with training institutes, training programmes, faculty, training subjects, timetables, nominations and assessments.

The Police Training Wing has 15 training units across the State which conduct various training courses for its employees. We observed that only five units had updated the master table. Key functionalities like faculty and subject information, trainee performance assessments, course schedules, training attendance, feedback *etc.*, were not being used by the Department. The Government in reply (June 2014) stated that training had been imparted for utilising the module.

(f) Armed Reserve Module

This module deals with armed reserve units, requisition and approval for deployment, deployment of armed reserve platoons, return of platoons *etc.*

Data analysis of the duty assignments under armed reserve revealed that there was no validation of duty assignment data. Out of 2,98,472 records,

- a) 15,559 records had “to-date” prior to “from-date”.
- b) 2,533 records had “to-date” as null values.
- c) 15,204 records had “to-date” value with 1900-01-01.

Inconsistencies in data impacted the correctness of reports generated from them. The Government replied (November 2014) that the point raised was taken into account and appropriate validation and input controls were incorporated. The reply is not acceptable as the existing database continued to have the inconsistent data.

(g) Administration Module

The Administration Module in Police IT deals with recording and managing the Employee information & related activities of the Department. It tries to automate the process involved in the day to day activities related to the human resource management of the Department.

- **Duplication of records in employees table - defective user account management**

The Police IT Database contains an employee master list with details such as name, employee ID, KGID (which serves as the login ID), the rank as well as the unit where the official is working (workplace_unit ID).

Data analysis revealed that there were 570 cases of duplication of KGID (same KGID with different employee names, employee-IDs, same KGID with same employee names with variations, pre-fixing / appending of initials, position of fullstops in initials *etc*). An illustrative list is given **Table-3.4** below:

Table-3.4: Duplication in Employee Master Table

Employee ID	KGID	First Name	RANK ID	Rank name	Unit ID	Unit Name
131500069	709046	T.L.Kalaburagi	50	Follower	1315	KSPTS Khanapur
191800099	709046	Kalaburagi. T.L.	50	Follower	1918	KSRP Training Munirabad
191800048	707273	Munikrishna Raju. S	36	AHC	1162	Munirabad PS
6501359	707273	S.Munikrishana Raju	36	AHC	1162	Munirabad PS
113000066	703615	K.B.Jayaramu	8	PI	1130	Ramapura PS
205600001	703615	Jayaram K B	7	Dy.SP	2056	Mysuru Region

(Source: Police IT database)

Absence of input controls at the application level and absence of checks in the process for populating the table resulted in duplication of KGID which impacted the reliability of the employee master information.

The Government replied (November 2014) that the Department was in the process of finalising the requirements of Admin Module as per the current needs. It further stated that all issues would be addressed at the time of implementation of Admin Module.

(h) Finance Module

The Finance Module deals with functionalities like budgeting, accounting, expenses approval, payment of transport allowance, festival advance *etc.*, to the employees, payment of electricity bills, telephone bills of all the unit offices *etc*. Analysis of the tables showed the following deficiencies.

- **Incomplete bills master**

The database contained a bills master which listed details of bills raised by different Drawing and Disbursing Officers (DDO). It contained, for each bill, the nature of the bill (such as non-Plan Expenditure or Plan Expenditure, whether it was an abstract contingent bill or a detailed contingent bill, the bill amount, the treasury token number used, *etc*). It was seen that there were no details of any bills raised by 37 DDOs out of 111 DDOs in the Department. Further, it was observed that the contents of this table were being used in generating reports such as Cash Book Report, Expense Register, DC Bill

Register *etc.* As there were no records of bills of 37 units, the reports from the Finance Module generated nil results in respect of these units. Hence, the reports were unusable.

In reply, the Department stated (November 2014) that it had instructed the DDOs to use the Finance Module.

- ***Internal Inconsistency in Expense Bills Data - lack of referential integrity***

The database contains a table of expense bills with details of vendor bills, their dates, the period to which the bill relates to (from and to), DDO_ID, descriptive details of the bill and total amount *etc.* The list of DDOs in the Department was available in another table. The two tables are designed to share a common DDO Code to relate the bills to the DDO concerned. It was, however, observed that consistency had not been maintained in relating the two tables as listed below:

- In a few cases, the DDO-ID was drawn from the Unit Master Table.
- In 247 cases, the DDO-ID did not match with the DDO-ID of the Master Table but contained Employee ID.
- In 19 cases, it contained null value.

This violated the principles of database design, affected data integrity and resulted in incorrect reports. The Government stated that all necessary instructions have been issued to SI for improvement in the software.

- ***Discrepancies in employee savings data***

The police IT database contains a table 'Employee Savings Master' containing details of saving related deductions from the employee's salary such as GPF, LIC, KGID and CPF.

Analysis of the table revealed that in respect of three different GPF account numbers (Pol_Acc_No), the table had duplicate records ranging from 10,936 to 73,49,056 times. This indicated that there was a systemic error in the process that is populating the table. Illustrative list of duplications is shown in **Table-3.5** below:

Table-3.5: Duplication of GPF account details

Pol_Acc_No	No. of Records repeated	Pol_Acc_No	No. of Records repeated
648666	73,49,056	80175	10,936
POL-118931	36,74,528	65761	10,936
POL-132090	18,37,264	61062	10,936
POL-118864	9,18,632	25154	10,936
POL-132059	4,59,316	35266	10,936
POL-67026	2,29,658	35424	10,936
POL 119044	1,14,829	129437	10,936

(Source: Police IT database)

Design errors in the method of data updation to master tables lead to data redundancy and may lead to overall performance issues while making transactions with the use of the module and related data.

Government stated in its reply (November 2014) that these issues would be attended to at the time of implementation of Admin Module.

(i) Law and order Module

The main function of Law and Order Wing is maintenance of Law and Order in the State by dealing with areas relating to top secret issues, communal disturbances, riots, strikes, agitations, security during VVIP visits *etc.*

Para 970 of the Karnataka Police Manual requires every PS to maintain a Station House Diary (SHD) which is a log of work done and the information received at the Station. The project provided for maintenance of SHD for 25 pre-determined events. The table recorded the PS-wise type of event reported, time of occurrence and the time of data entry into the system.

Analysis of the table showed that there was no consistency in the recording of the SHD events across PS. This rendered the review of activities of PS ineffective and also reflected incomplete picture of the station activities. The Government stated (November 2014) that instructions had been given for complete usage of the SHD.

3.1.6.5 Overall MIS and functionalities

We observed that on review of the 1,222 tables in the database across modules, while 379 tables contained zero records, 147 tables had less than 100 records. The Government attributed (November 2014) this to new functionalities and functionalities that were used in a limited manner which indicated that the various functionalities provided in the application were not being fully used. Hence, there was the risk of the summaries and statistical reports generated by the system presenting a partial picture.

3.1.6.6 Sakala-Citizen services pendency

Karnataka Guarantee of Services to Citizens Act, 2011 was passed by the Karnataka State Legislature to provide guarantee of services to citizens in the State of Karnataka within the stipulated time limit and for matters connected therewith and incidental thereto. This service is called Sakala.

Twenty one services rendered by the Department have been covered under Sakala Services (April 2012). As and when a request for a service is received from the public, a state-wide unique Guaranteed Services to Citizens (GSC) number is generated in the application. Further, the progress of the service is also required to be updated. The database with respect to Sakala services are being transmitted to Sakala server on hourly basis.

However, on verifying the error logs, it was seen that there were errors in transmission since inception and, hence, the database in the Sakala server was updated partially. This resulted in the non-existence of GSC number or non-updation of the status of the service. This also resulted in mismatch between the status of the services of the Department and Sakala.

The Government in its reply (November 2014) stated that the issue has been sorted out.

3.1.7 Conclusion

The project which was to go live by May 2005 was implemented in January 2011, after a delay of about six years. The Administration Module, which required modifications, was yet to be implemented in full due to insufficient co-ordination and control over requirement gathering. Conducting user acceptance test without correlating the input screens with various reports generated resulted in unreliable data and report. The system was not effective in ensuring data integrity as it lacked validation controls in many modules, permitted un-authorised edits without audit trails and defective user interface. Further, the Department has not been able to enforce adoption of features in Training module, Finance module, Stores module *etc.*, and hence were used in limited manner by the end users.

3.1.8 Recommendations

- Validation routines in the data entry system need to be strengthened to address the data integrity issues.
- Development and implementation of the Administration Module is to be expedited to optimise the utilisation of all other modules of the project.
- Edits should not be allowed and where necessary, audit trails should be provided and should be allowed after approval by higher authority.
- Action needs to be taken to have unique numbers for purchase orders as well as for vendors in the Stores Module.
- Government should consider replacing manual system with the computerised system to compel officials to get and to use all modules.



CHAPTER-IV

COMPLIANCE AUDIT

CHAPTER-IV

COMPLIANCE AUDIT

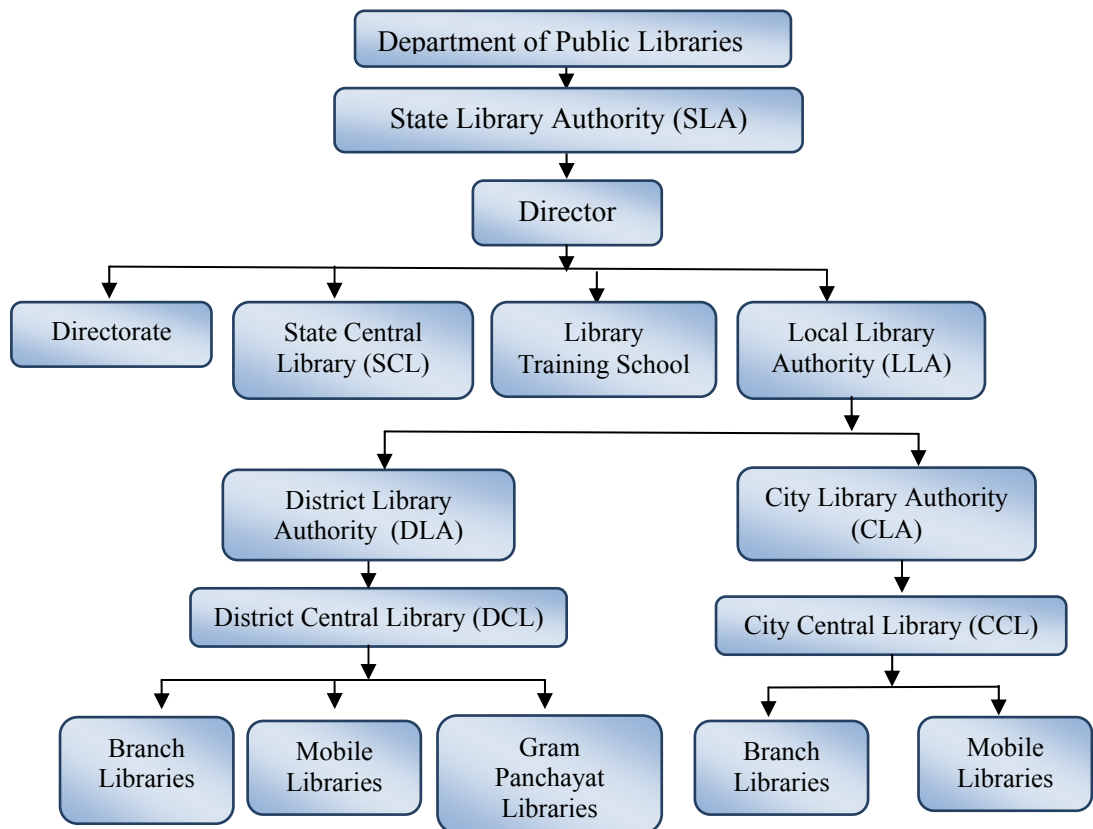
DEPARTMENT OF EDUCATION (PRIMARY AND SECONDARY)

4.1 Functioning of Public Libraries in Karnataka

4.1.1 Introduction

The Karnataka Public Libraries Act, 1965(KPLA) was enacted and the Karnataka Public Libraries Rules, 1966 (KPLR) were framed to provide for the establishment and maintenance of public libraries and organisation of a comprehensive rural and urban library service in the State. The Karnataka Public Libraries-Accounts Rules, 1975(KPLAR) were framed for maintenance of Accounts.

The Department of Public Libraries (Department) comes under the jurisdiction of Department of Education (Primary and Secondary) and is headed by a Director at State Level. The Director, who is also the State Librarian, is assisted by District Level Officers at the District Level. The organisational chart of the Department is as under:



Under the jurisdiction of LLAs, there are 15 Mobile Libraries, 442 Branch Libraries, 148 Service Centres, 79 Reading Rooms, 100 Slum Libraries, 127 Nomad Libraries, 33 Aided Libraries, 31 Community Children's Libraries and 5,766 Grama Panchayat Libraries providing library services such as reference/issue of books, news papers, periodicals *etc.*, in the State.

Audit scrutiny of records of SLA and Government/Directorate, nine out of 30 DCL, 14 out of 26 CCL, 24 Branch Libraries and 16 Gram Panchayat libraries relating to nine²³ districts test-checked for the period 2009-14 was conducted (January 2014–July 2014) to assess compliance with the provisions contained in the Acts and Rules of the Department in performing its statutory duties. The selection of districts was based on probability proportion to size with replacement method of sampling.

4.1.2 Audit findings

4.1.2.1 Constitution and functioning of various library authorities

Section 3 and 16 of the KPLA envisages constitution of SLA, CLA and DLA. The CLA and DLA together are termed as LLA. Further, as per section 10 of the KPLA, the SLA, which is the managing authority for the SCL, is required to meet at least twice a year for proper functioning of libraries. Similarly, as per section 24 of the KPLA, for the purpose of organising and administering Public Libraries in the State, the CLAs²⁴ and DLAs²⁵ are constituted which are also required to meet twice a year.

The LLA was required to provide library services to the persons residing in the area within its jurisdiction by establishing a CCL and branch libraries in every city and DCL and branch libraries in every district.

During scrutiny of the records, audit observed the following:

- The Department had not constituted the CLA in three cities *viz.*, Gangavathi, Ranebennur and Bagalkot though urban population in these cities had exceeded one lakh, thereby denying additional library services *viz.*, establishment of CCL and branch libraries to the persons residing in those areas.
- The Executive Committee, the Finance Committee and Advisory Library Committee to be constituted by the LLA for monitoring executive, financial and advisory functions as stipulated under section 28 and 29 of the KPLA, had not been constituted.

²³ Bengaluru (Urban) including five zones, Belagavi, Ballari, Dharwad, Davanagere, Kalaburagi, Mandya, Mysuru and Tumakuru

²⁴ CLA is constituted for the cities of Bengaluru, Hubballi-Dharwad, Mangaluru, Mysuru and Belagavi and for such other urban areas having a population of more than one lakh.

²⁵ DLA is constituted for each revenue district, excluding the area for which a CLA is constituted.

- The LLA had not prepared Local Library Development Plan for establishing libraries and spreading library services within the jurisdiction of such authorities though the same was required as per the stipulations under section 27 of the KPLA.
- In nine DLAs, five zones of Bengaluru and nine CLAs test-checked and SLA, it was observed that only 138 meetings were conducted out of total 240 meetings required to be conducted as per provisions of KPLA during 2009-14. This caused delay in effectively transacting the business.

The Department stated in its reply (October 2014) that it would take all necessary steps to constitute required committees and see that no shortfall arises in conducting meetings and though CLAs were not constituted in the above said three cities, there was no shortfall in providing library services as the Directorate was directly monitoring the functioning of the libraries. The reply is not acceptable as the rationale for decentralising and empowering the field authorities has been defeated by centralised control of the Director.

4.1.2.2 State Central Library

Under Section 36 of the KPLA, the SCL was to be maintained as a reservoir of books and other materials for the proper functioning of the State Library system. It was to consist of sections *viz.*, General Library, State Bureau of Copyright Collections, State Library for the Blind, State Bureau of Inter-library Loans, State Bibliographical Bureau, State Bureau of Technical Services.

The SCL, however, did not have State Bureau of Inter-library Loans for implementing schemes of inter-library loans and State Bureau of Technical Services for maintaining the centralised technical services such as acquisition, classification and cataloguing of books.

The Department stated in its reply (October 2014) that constitution of committee for performing centralised functions *viz.*, acquisition and classification of books would be implemented at the earliest.

4.1.2.3 Funding of Libraries

The Department is funded through grants from State Government and Government of India (GOI), library cess as per section 30 and grant under section 31 of KPLA. Every CLA/DLA and the SLA has to maintain a City Library Fund/District Library Fund and a State Library Fund (Fund) respectively. Apart from the State Government and GOI grants, the Funds are credited with cess and grants collected under KPLA, and contributions, gifts and income from endowments made to the Library Authorities.

The details of receipts and payments during 2009-14 are shown in the **Table-4.1** below:

Table-4.1: Receipts and Payments during 2009-14

(₹ in crore)

Year	OB of Fund Account	Receipts			Expenditure			CB ²⁶ of fund account
		GOK - Grants	GOI - Grants	Fund receipts (SCL/CCL/DCL)	GOK	GOI	Fund Expenditure (SCL/CCL/DCL)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	[(b)+(e)]-(h)=(i)
2009-10	6.92	32.96	3.24	70.43	31.57	3.24	69.57	7.78
2010-11	7.78	68.04	0.00	68.38	64.11	0.00	68.10	8.06
2011-12	8.06	75.64	0.00	92.38	75.27	0.00	87.48	12.96
2012-13	12.96	71.42	0.00	67.50	70.44	0.00	69.45	11.01
2013-14	11.01	112.15	0.00	58.05	84.42	0.00	56.97	12.09
Total		360.21	3.24	356.74	325.81	3.24	351.57	

(Source: Information furnished by the Department)

It is evident from the table that out of the total receipts of ₹ 720.19 crore, expenditure was to the tune of ₹ 680.62 crore leaving State Government grants of ₹ 34.40 crore to lapse, and increasing the balance of the Authority fund by ₹ 5.17 crore.

(a) Collection of Library Cess

Section 30 of the KPLA envisages collection of library cess in the form of surcharge on tax on land and buildings, tax on entry of goods into the local area for consumption, use or sale therein, tax on vehicles and tax on professions, trades, calling and employments. The cess was to be levied by the tax authorities concerned at a rate of six paise for every rupee of the taxes so levied and was to be remitted to the DLA/CLA after a deduction of 10 per cent towards cost of collection. Scrutiny of records revealed the following:

- **Non-remittance of library cess**

The cess collected on the tax on lands and buildings by the Bruhat Bengaluru Mahanagara Palike (BBMP), which was due to be remitted to the Department as on 31 March 2014, was ₹ 103.57 crore. Similarly, other Urban Local Bodies (ULBs) had not remitted cess amounting to ₹ 31.81 crore as on 30 November 2013 to the Department. The Department stated in its reply (October 2014) that all the ULBs would be requested to remit the balance amount of cess in the respective funds.

- **Non-provision for levy of library cess resulting in non-collection of library cess**

The Department of Transport and Department of Commercial Taxes had collected ₹ 6,216.44 crore towards tax on vehicles and ₹ 972.59 crore towards professional tax etc., respectively during 2009-14 in Bengaluru (Urban) jurisdiction alone. However, library cess was not being levied and collected by the departments concerned on the plea that there was no provision in their respective Acts for levy and collection of library cess. No action was taken

²⁶ This includes the closing balances of fund account as the closing balances of GoK grants would lapse at the end of the year.

by the Department of Libraries to make an amendment to the KPLA, 1965 to the effect that the levy and collection of library cess may be done by the Departments of Transport and Commercial Taxes. This resulted in avoidable loss of ₹ 388.21 crore²⁷ from Bengaluru (Urban) jurisdiction for the period 2009-14.

Further, Department of Commercial Taxes opined that the local authorities having jurisdiction over the area had to collect library cess. Hence, failure on the part of the Department resulted in loss of revenue. The Department stated (October 2014) that the matter would be taken up with heads of concerned departments.

(b) Loss of grants under section 31

State Government makes annually a grant to every DLA and CLA of an amount equal to six *per cent* of the land revenue collection of the district and compensation paid consequent to the abolition of Octroi respectively. After receipt of order of Government, the Chief Librarian of the district prefers a bill for payment of the amount due twice every year during the month of June and December respectively. During 2013-14, bill for payment of ₹ 2.21 crore in respect of the districts was preferred only in March 2014. Due to delay in preferring bill, the bill was rejected and the Department lost grants to the extent of ₹ 2.21 crore.

The Department stated in its reply (October 2014) that since the claim could be made in 2014-15, there was no loss. The reply is not acceptable as the Government had rejected the proposals submitted during March 2014.

(c) Non-utilisation of XII Finance Commission (FC) grants

During 2009-10, GOI released ₹ 3.24 crore out of XII FC grants for conservation of books/buildings. This included ₹ 1.03 crore for the nine districts test-checked. While five districts utilised the amount of ₹ 39 lakh for the purpose for which it was released, in four²⁸ districts grant to the extent of ₹ 64 lakh remained unutilised/diverted for other purposes such as authority expenses, construction of CCL *etc.* However, the Department had issued Utilisation Certificate to the GOI for total amount of ₹ 1.03 crore.

In reply, the Department stated (October 2014) that the diversion of XII FC grants was temporary and would be utilised for the intended purpose.

4.1.2.4 Irregular payments on purchase/construction

The Department and various CCLs/DCLs had made payments of ₹ 10.98 lakh towards purchase of various items and construction which did not have supporting documents (**Appendix-4.1**). Hence, the payments made were irregular.

²⁷ (₹ 6,216.44 crore + ₹ 972.59 crore) * 6 *per cent* minus 10 *per cent*

²⁸ CCL Kalaburagi and Davanagere, DCL Dharwad and Mandya

4.1.2.5 Capacity Building

(a) Manpower Management

The libraries of the Department are managed, among others, by the Deputy Directors, Chief Librarian and Assistant Librarian. The sanctioned posts and the vacancy position as of July 2014 is detailed in the **Table-4.2** below:

Table-4.2: Sanctioned posts and vacancy position as of July 2014

Year	Name of the post							
	Deputy Director		Chief Librarian		Librarian		Assistant Librarian	
	Sanctioned	Vacant	Sanctioned	Vacant	Sanctioned	Vacant	Sanctioned	Vacant
2009-10	28	21	54	20	93	21	132	48
2010-11	28	24	54	14	93	17	132	35
2011-12	28	25	54	23	93	18	132	49
2012-13	28	27	54	23	93	14	132	42
2013-14 (as of July 2014)	28	28	54	35	93	32	132	67

(Source: Information furnished by the Department)

From the table it may be seen that there was increase in vacancies on account of non-filling up of posts. This resulted in poor monitoring of various functions of the libraries which are detailed in various paragraphs of the report.

It was further observed that out of 268 branch libraries in the nine test-checked districts (12 LLAs) 45 libraries were being managed by Group D employees / daily wage workers.

Based on the proposal (August 2010) of the Department to fill up 166 vacancies across different cadres, Government gave its approval (July 2011) for only 40 posts. However, as at the end of 2013-14, Department was yet to take action in this regard.

The Department in its reply (October 2014) while accepting the fact that shortage of staff affected the functioning of the libraries to some extent stated that during 2014-15 few vacancies in the cadres of Librarian, Assistant Librarian *etc.*, were filled up.

(b) Construction and maintenance of buildings

As per Section 26 of KPLA, LLA should provide suitable land and buildings for establishing public libraries and should also provide the furniture, fittings, equipment and other conveniences necessary for the purpose. Scrutiny of records in this regard showed lacunae which are discussed in the subsequent paragraphs.

- **Delay in construction of library building**

The State Government had accorded administrative approval (March 2005) for construction of branch library at Kalyananagar, Bengaluru East at an estimated cost of ₹ 95 lakh.

The work was awarded (March 2006) to a contractor at a tender premium of 9.5 per cent with stipulated date of completion being July 2007. However audit observed that non-testing of soil at the time of preparation of estimate, inordinate delay by the department in submission of proposals to the Government and also delay in approval by the Government resulted in only partial construction of the building. Hence, the public was deprived of the library facility at Kalyananagar (October 2014).

The Department stated in its reply (October 2014) that 80 per cent of the work had been completed as on the date of reply.

- **Non-utilisation of lands reserved for construction of libraries**

As of March 2014, 78 CCLs and 72 DCLs in the State were operating from rented buildings. In the nine districts test-checked, seven LLAs possessed land/sites as detailed in the **Table-4.3** below.

Table-4.3: Non-utilisation of land/sites

SI No	Name of the LLA	Number of land / sites remaining vacant	Period of taking possession	Number of libraries operating in rented premises as on March 2014	Rent paid during 2009-14 (₹ in lakh)	Rent due as on 31 March 2014 (₹ in lakh)
01	DCL, Belagavi	15 sites /5 guntas of land	1997-98 to 2010-11	3	5.83	-
02	DCL, Mandya	35 sites	1999-00 to 2012-13	-	1.49*	0.37
03	DCL, Ballari	23 sites	2001-02 to 2012-13	3	8.76	1.44
04	DCL, Kalaburagi	33 sites	2005-06 to 2011-12	2	1.73	0.41
05	DCL, Mysuru	11 sites	2000-01 to 2012-13	3	13.59	0.23
06	DCL, Davanagere	19 sites	2001-02 to 2012-13	1	8.05	0.40
07	CCL, South Zone, Bengaluru	1 site	2011-12	Data not available		
08	CCL, West Zone, Bengaluru	1 site	2012-13	5	48.03	4.72
09	CCL, East Zone, Bengaluru	2 sites	2000-01	7	65.54	438.85
10	CCL, North Zone, Bengaluru	1 site	2010-11	4	4.24	12.09
11	CCL, Central Zone, Bengaluru	2 sites	2012-13	1	1.29	-

(Source: Information furnished by the Department)

* Rent paid during 2009-13

In six out of nine DCLs test-checked, 12 library buildings were operating from rented buildings even though these DCLs had in their possession vacant sites for construction of library buildings and Department had not taken any action for construction. The total rent paid in these cases was ₹ 42.30 lakh (including rent due) during 2009-14.

In respect of CCLs in Bengaluru, though 17 libraries were operating from rented buildings, the Department had not initiated any action for construction of its own building in the available vacant plots.

The Department stated (October 2014) that proposals for utilisation of the land by construction of libraries had already been sent to competent authority and there was delay in according approval on account of shortage of funds.

4.1.2.6 Acquisition of books published in Press

The State Central Library serves as a permanent repository of all reading materials produced in the State. For this, it is legally entitled under the Press and Registration of Books Act, 1867 read with Section 51 of the KPLA, to receive a free copy of books from publishers within a month of the publication. The printers were also required to send a quarterly statement of details of books printed by the concerned printers. We observed that this procedure was however not complied with and the Department also did not take up the matter with the publishers for collection of the copies of books.

We further, observed that 80,000 books received from various publishers at SCL were kept at a godown in CCL, Bengaluru East zone for want of space. This deprived the readers of access to these books.

4.1.2.7 Transportation of books

The Selection Committee prepares list of books selected for purchase along with cost of each book and name of the publisher and circulates the same to all the LLAs each year. The LLAs spends 80 *per cent* of their approved budget towards procurement of books from the list of books selected. The Directorate also purchases books centrally from the same list and transports the same to the Grama Panchayat libraries through the DLAs coming under the jurisdiction of LLAs.

It was observed that the Directorate had incurred an expenditure of ₹ 2.13 crore during 2009-14 towards transportation of books to DLAs who would in turn transport it to Grama Panchayat libraries. Since the DLAs purchased the books from the same list of selected books and at the same rate which is inclusive of transportation, the Directorate could have issued supply orders to publishers to supply books to the DLAs directly. Thus, taking delivery of the books at the Directorate instead of asking the publisher to deliver them directly to the DLA resulted in avoidable expenditure of ₹ 2.13 crore towards transportation.

The Department replied (October 2014) that for the centrally purchased books, no agreement existed between the Directorate and the publisher for transportation of books to the Grama Panchayats. The reply is not acceptable as the publishers who are also supplying books to the DLAs at the same price, could be asked to deliver the books to DLAs instead of delivering to the Directorate.

4.1.2.8 Preservation of Books

Preservation connotes measures undertaken for maintaining the integrity of documents and the information contained therein.

(a) Preservation of books through chemical treatment

The guidelines issued by the State Warehousing Corporation (SWC) suggest that books/furniture of libraries need to be conserved through prophylactic treatment (spraying with chlorophyriphos), preferably done on annual contract basis. The charges fixed (July 2013) by the SWC was ₹ 80/- per 100 sq mtr.

In the nine districts test checked, we observed that the preservation work had been carried out in an *ad hoc* manner at a high cost as detailed in the **Table-4.4** below resulting in excess payment of ₹ 26.28 lakh.

Table-4.4: Cost of Preservation work

Sl No	Name of the authority	Area covered in Sq.mt. during 2009-14	Total amount paid (in ₹)	Amount payable as per SWC (in ₹)	Excess paid (in ₹)
01	CCL, Hospet	290	1,00,000.00	232.00	99,768.00
02	CCL, Mandya	145	2,14,500.00	116.00	2,14,384.00
03	CCL, South Zone	17,849	6,98,283.00	14,279.00	6,84,004.00
04	CCL West Zone	9,429	3,90,648.00	7,543.00	3,83,105.00
05	CCL Central Zone	16,812	5,87,026.00	13,450.00	5,73,576.00
06	CCL East Zone	6,609	2,92,611.00	5,287.00	2,87,324.00
07	CCL North Zone	16,837	3,99,388.00	13,470.00	3,84,918.00
	Total	67,971	26,82,456.00	54,377.00	26,27,079.00

(Source: Information furnished by the Department)

The Department in its reply stated (October 2014) that since the area of each library was less than 100 square metres, the work was not entrusted to SWC. However, the reply is not acceptable as the tender rates were higher than the rates of SWC and the Department by not negotiating the rates comparable to the rates of SWC incurred excess expenditure towards preservation of books.

(b) Digitising the collections

The Department had a collection of 3.41 crore books as on 31 March 2014. Though, the Department had undertaken digitisation of 17,000 books prior to 2008-09, it had been stopped midway due to lack of funds and manpower. Further, the four scanners, which were procured for digitisation work, remained idle in the godown of Bengaluru West Zone for more than six years. The Department had not prepared any action plan to conserve the old, rare and brittle books through digitisation.

The Department in its reply stated (October 2014) that on account of non-availability of qualified staff and lack of funds, the scanners remained idle. It was further stated that on availability of funds, the work would be undertaken by employing qualified persons on contract basis. The reply is not acceptable as the budgetary allocation amounting ₹ 34.40 crore for the period 2009-14 were allowed to lapse.

4.1.2.9 Purchase of furniture, fittings, equipment etc.

(a) Purchase of furniture

The Department procures library furniture annually for SCL and various DCL/CCL and sub-ordinate libraries under its control centrally on tender basis. In nine districts test-checked, furniture worth ₹ 71.91 crore was purchased during 2009-14. On scrutiny of the procurement files of the Directorate and CCL, Bengaluru zones, we observed that there were variations in price for the same specification of furniture (detailed in **Table-4.5**) resulting in excess expenditure of ₹ 16.57 crore.

Table-4.5: Details of variations of rate

Sl. No.	Type of furniture	Procured by LLA		Department procurement during 2009-14	
		Place	Rate (in ₹)	Rate (in ₹)	Number
1	Cushion chair with full back rest	CCL-Mysuru at DGS&D Rates	1,965	5,500-7,600	33,158
	Table		11,530	9,990-13,900	3,295
2	Steel racks enclosed	DCL-Kalaburagi	7,844	9,545-16,250	4,520

(Source: Information furnished by the Department)

The Department in its reply stated (October 2014) that the purchase was made after calling for tenders. The fact, however, remains that the Department procured furniture of same specification at different cost.

(b) Purchase of other equipment

The Department had purchased various equipments, such as computers, generators, lightings *etc.*, for use in libraries. The discrepancies observed in purchase of the equipment are discussed below:

- The Directorate, including various DCL and CCL, had procured various items through tender without ascertaining the market value of the product procured, thereby incurring extra expenditure to the tune of ₹ 37.89 lakh as detailed in **Appendix-4.2**.

The Department stated in its reply (October 2014) that the purchases were made after following tender procedures. It further stated that at the time of negotiations, the lowest quoted supplier had refused to bring down his rate to the market value. The reply is not acceptable as the market value already included all the relevant margin of the dealer.

- On successful completion of installation of Touch Screen Information Kiosks in SCL, Bengaluru and DCLs of Mysuru, Belagavi and Kalaburagi, the Department placed (March 2011) further orders for their installation in six²⁹ CCLs at a cost of ₹ 88,600 each along with Software costing ₹ 70,950/- and UPS costing ₹ 2,462 each. The Kiosks were to provide information about the State, District and also about the Department to the public. In two CCLs at Davanagere and Dharwad,

²⁹ Davanagere, Gadag, Haveri, Dharwad, Shivamogga and Tumakuru

though, payment was made (March 2011), the Kiosks were not supplied. On account of this, an amount of ₹ 3.24 lakh was lying unrecovered with the supplier besides defeating the purpose for which the amount was spent.

- In nine districts test-checked, it was observed that though Kiosks were installed in five districts (Mysuru, Belagavi, Kalaburagi, Bengaluru and Tumakuru), these were not put to use due to lack of training of staff to operate them.

The Department stated in its reply (October 2014) that the users of the Kiosks were mostly public from areas who did not know how to operate the Kiosks and hence they were not put to use. It was also stated that it would take action to get the departmental staff trained in the use of the Kiosks.

4.1.2.10 Control Mechanism

(a) Stock verification

Rule 55 and 57 of KPLAR stipulates physical verification of stock of library books to be conducted annually while verification of stores to be conducted half yearly.

In the nine test-checked districts, it was seen that no SLA /LLA had conducted annual physical verification as required under KPLAR. It was noticed that various items worth ₹ 166.23 lakh were purchased and payment of the said amount was made without ascertaining the stock certificate. However, on physical verification by the Audit along with the staff of Department, it was observed that items worth ₹ 52.03 lakh only were available and hence the Department had incurred an excess expenditure of ₹ 114.20 lakh (**Appendix-4.3**).

The Department stated (October 2014) that due to huge vacancies, periodical stock verification was not conducted and action would be taken to get the stock verified by employing staff on contractual basis. It also stated that the items were available for verification. The reply is not acceptable for the reason that the items were not physically available at the time of audit and the same was confirmed by the officers in-charge.

(b) Cataloguing

Cataloguing is the process of listing information on books such as name, title *etc.*, typically through the creation of bibliographic records.

In the nine districts test-checked, it was observed that cataloguing was not undertaken in any of the CCL / DCL and its branches. However, in SCL and CCL, Bengaluru Zones, cataloguing was undertaken partially and out of 88.12 lakh books, only 9.38 lakh books were catalogued. Further, there was

no centralised catalogue and hence, the users were unable to ascertain what was available in all the other libraries and also in other reading rooms.

The Department stated (October 2014) that action would be taken to centralise the cataloguing process.

4.1.3 Conclusion

The Department did not amend its KPLA, 1965 in order to enable the levy and collection of library cess. Further, the Department failed to monitor the collection and remittance of library cess by the Urban Local Authorities. Despite availability of land, the Department had no action plan for construction of its own buildings although 78 CCLs and 72 DCLs were operating from rented buildings. The books acquired from publishers, which were required to be kept in the SCL as reference books, were kept in godowns for want of space thereby depriving the readers of their usage. Procurement of various equipments had been made at rates which were much higher than the market rate. No plans were conceived to preserve and protect the life of precious books. Periodic physical verification of books was not conducted and hence category-wise actual number of books in possession of libraries was not known. No centralised digital catalogue existed to enable efficient direct search.

4.1.4 Recommendations

- Department of Library needs to amend the provisions of its Act in order to levy the library cess. Also, a system to monitor the remittance of cess collected by the ULBs is required to be put in place.
- Action plan should be prepared by the Department for construction of libraries now housed in rented buildings and also to provide adequate space for books which are stored in godowns.
- The preservation and conservation practices including digitisation are required to be stepped up significantly in order to preserve and protect the life of the books.
- Physical verification of stock of library books and other equipments are to be conducted annually.

The matter was referred to Government in September 2014; reply was yet to be received (October 2014).

DEPARTMENT OF MINORITY WELFARE
4.2 Property Management by Karnataka State Board of Auqaf
4.2.1 Introduction

The concept of Waqf³⁰ was introduced in India with the establishment of Muslim rule. Since 1913, a number of Acts have been passed by the Central and State legislatures. For better administration and supervision of Auqaf³¹, the Waqf Act, 1954 was enacted by the Parliament and was subsequently amended four times. The need for further amendments and consolidation necessitated the passing of the Waqf Act, 1995 (Act), which was again amended as the Waqf (Amendment) Act, 2013.

The Karnataka State Board of Auqaf (Board) is a statutory body established during 1961 under the Waqf Act with the objective of supervising, safe-guarding and administering the Auqaf and properties in Karnataka. In exercise of the powers conferred by Section 109 of the Waqf Act, 1995, the Government of Karnataka framed the Karnataka Waqf Rules, 1997.

The Board headed by a Chairperson along with four members is functioning under the administrative control of the Department of Minority Welfare, Government of Karnataka. The Chief Executive Officer (CEO) appointed by the State Government, in consultation with the Board, is the executive head and *ex-officio* Secretary of the Board.

The Compliance Audit on the Management of Waqf properties in Karnataka covering the period 2009-14 was conducted during March to July 2014 with the basic objective of assessing whether the Board had inventorised its properties, drawn up strategic plan for their effective administration, guarded against encroachments/unauthorised use and whether a system existed for optimal generation of revenue. The methodology adopted for audit included scrutiny of files and documents, issue of audit enquiries/questionnaires, examination of records and discussion with the officers/officials at various levels. Besides, joint inspections along with the Officers of the Board were also conducted to ascertain the factual position related to the Waqf property and verification of initial records maintained.

There were 29,044³² Waqf institutions across the State with 33,420 properties which were classified district-wise, according to the annual income generated (**Appendix-4.4**). Multi-stage stratified sampling was adopted for selection of the districts whose Waqf institutions annual income exceeded ₹ Five lakh and

³⁰ Waqf – permanent dedication by a person professing Islam, of any movable or immovable property for any purpose recognised by the Muslim law as pious, religious or charitable.

³¹ Auqaf – plural of Waqf

³² As furnished by the Board

simple random sampling method adopted for selection of the institutions, within the selected districts.

To discuss the important audit findings, a meeting was held with the CEO on 17 November 2014.

4.2.2 Registration of Auqaf

4.2.2.1 Irregularities in registration

Section 36 of the Act envisages registration of every Waqf, whether created before or after the commencement of the Act, at the office of the Board. Application for registration is to be made by the Mutawalli³³ which should be accompanied by a copy of the Waqf deed. Where no such deed has been executed or a copy thereof cannot be obtained, the application should contain full particulars as far as they are known to the applicant, of the origin, nature and objects of the Waqf.

On receipt of an application for registration, the Board may, before registration of the Waqf make such inquiries as it thinks fit in respect of the genuineness and validity of the application and correctness of any particulars therein. In the case of Auqaf created before the commencement of the Act, every application for registration is to be made within three months from such commencement and in the case of Auqaf created after such commencement, within three months from the date of the creation of the Waqf. The Board has to maintain a register of Auqaf which should contain in respect of each Waqf, copies of Waqf deeds when available and other particulars prescribed by the regulations including particulars of all title deeds and documents relating thereto.

Audit observed that 33,420 Auqaf had been registered with the Board as of March 2014. Scrutiny of the registration process at the office of the Board showed the following:

- The Board had not framed Regulations for registration of Auqaf so far (June 2014). The CEO stated (November 2014) that a committee had been formed to frame regulations.
- None of the applications made for registration of Waqf contained complete set of documents (Waqf deed and other related documents such as copies of the sale deed, Record of Rights, Tenancy & Crops (RTC) and Mutation extract *etc.*). In the absence of these particulars, it was not verifiable whether the Waqf institutions had absolute title over the properties. Instances of these are given in **Table-4.6** below:

³³ Mutawalli – any person appointed, either verbally or under any deed or instrument or competent authority for managing or administering of any Waqf or Waqf property.

Table 4.6: Irregular registration of Waqf properties

Property No. with measurement	Structures existing on the land	Records relied upon and what it infers	Remarks
GP 139, 99'x24' at Hirehattiholi, Belagavi District	Masjid	Extract of the tax paid receipt dated 10 April 2013 issued by the Gram Panchayat (GP), Hirehattiholi showed that it was for public use by the muslims.	Extract issued by the GP also stated that mere payment of tax would not confer the right of ownership on the property to the tax payer.
GP 140 99' x 24' at Hirehattiholi, Belagavi District			
Sy No 53 1 Acre-36 Guntas at Hirehattiholi, Belagavi District	Khabrastan	RTC, which indicates that the land was Government land	-
Sy No 91/10 3,534 sq mtr at Baikampady, Mangaluru	Masjid	Lease-cum-sale deed issued by Karnataka Industrial Areas Development Board	Lease was for a period of thirty years and hence Board had irregularly registered properties granted by Government Authority which also did not possess absolute right over the property.
92/P and 93/P 5 acres at Mattadakurubarahatty, Chitradurga	Idgah	Deputy Commissioner (DC) order (January 2009) and Office Memorandum (April 2008) reserving land for the purpose of Idgah	The land however was not granted in favour of the Waqf institution. Hence, Government land was irregularly registered.
Sy.No. 539 2 acres 14 guntas at Yadravi Village, Savadatti Taluk, Belagavi	Muslim burial ground	Application submitted by Khabrasthan & Idgah Committee (April 2013)	Primarily it was Government land hence it was irregularly registered without title deed.
Five CA site one in Block II, 118, 4/1, 3A of various dimensions at Bengaluru Urban (Jayanagar, Austin Town, RT Nagar, Bommanahalli, Indiranagar)	Muslim Institutions	Lease deed issued by Bangalore Development Authority for 30 years	The lease deed issued by BDA was for a specific period and could be either terminated or renewed. Hence, the Lessee was not the title holder of the property. However, Board based on such lease deed registered the Civic Amenity (CA) sites valued at ₹ 13.99 crore which was irregular.

The CEO stated (November 2014) that he agreed that the prior sanction of competent authority was not taken before registering Government land as Waqf. Further, with respect to registering of CA sites, CEO accepted the following audit observations and stated that the matter would be examined.

- Irrespective of the date of making the application for registration, the properties were being registered without verifying the actual date of creation of the Waqf by condoning the delay in submitting the application.

- The Board had maintained an individual register of Auqaf (*Kitabul Auqaf*) for each of the districts, wherein the details of Auqaf registered from time to time were entered sequentially. However, at the end of each financial year, no abstract was drawn. While the number of registered Auqaf reported by the Board to the State Government in the Annual Report for 2013-14 was 28,672, details furnished to Audit showed that 29,044 properties had been registered as of March 2014. Hence, the information on registered Auqaf available with the Board was, therefore, not reliable. CEO replied (November 2014) that the issue would be addressed during computerisation of Auqaf which is under progress.
- The total extent of land involved in Waqf properties and information on the number of applications pending with the Board for registration was not available with the Board which indicated that there was no system in the Board to track the disposal of applications received for registration. The CEO stated (November 2014) that the Board does not have the exact information and the same would be known only after completion of the survey.
- According to Section 41 of the Act, the Board is empowered to direct a Mutawalli to apply for registration of a Waqf or to supply any information regarding a Waqf or to cause the Waqf to be registered *suo moto*. It was seen that the Board registered only those Waqf properties for which applications had been made by Mutawallis and did not take effective action to identify unregistered Waqf properties and register these. Further, it was observed that during 2009-14, the Board had *suo moto* registered only five institutions in Bengaluru Rural. It was also observed that Bengaluru Urban district had 207 unregistered mosques. Thus, the Board's effort to register all the Auqaf in the State was slow. The CEO attributed (November 2014) the reason for shortfall to the shortage of manpower. Regarding the unregistered Auqaf, he confirmed the audit findings.

4.2.2.2 *Updation of records of Auqaf*

In terms of Section 37 of the Act as amended in 2013 read with Rule 6 of the Karnataka Waqf Rules, 1997, the Board and Mutawalli are to forward the details of properties entered in the register of Auqaf to the concerned land office having jurisdiction of the Waqf property for updating the property records. The Mutawalli/CEO should follow up the matter with the authorities to whom the application for updating the records is made and get the records of each property updated by entering in the relevant columns of the records the words 'Waqf property' followed by the name of the Waqf.

It was, however, observed that the Board had not complied with these provisions and failed to get the land records updated from time to time. This resulted in sale or transfer of Waqf properties long after their registration by the Board. It was seen in Bengaluru Urban and Rural districts that the title of 145 properties (valued at ₹ 609.91 crore) registered by the Board as Auqaf stood in the name of several individual persons and the Board had not taken

any action to update the land records in favour of the Waqf institutions and restore the properties to them.

Section 5 of the Act envisages publication in the Official Gazette with the prescribed particulars, a list of Auqaf in the State, whether in existence at the commencement of the Act or coming into existence thereafter, based on the report of the Survey Commissioner.

Scrutiny of Gazette notifications published between October 1964 to July 1990 pertaining to 14 districts covering 3,105 properties revealed the following deficiencies in the published information related to Auqaf. No Gazette notification had been issued after July 1990.

- The boundaries of the properties were not stated in the notification. The details of village, khata numbers, survey numbers were missing in many cases.
- No provision had been made in the gazette notification for inclusion of the details of the deed (name of the donor *etc.*) and the date of creation of the Waqf. These particulars were subsequently made mandatory as per Rule 5 of the Karnataka Waqf Rules, 1997.
- Out of 3,105 total properties situated in 14 districts notified in the gazette, 745 properties (24 *per cent*) did not have information on the extent of land. While Chitradurga district had maximum number (91 *per cent*), Ramanagara had minimum (one *per cent*) of properties with no information on the extent of land. Further, in terms of amended Section 4(6) of the Act, the properties already notified shall not be reviewed again in subsequent survey except where the status of such property has changed in accordance with the provisions of any law. As all the above properties had already been notified, the scope for resurveying these properties was limited. The CEO confirmed (November 2014) the audit observations and stated that the updation process would be completed shortly.

4.2.2.3 Sale and alienation of Waqf property

Land bearing revenue survey No. 245 measuring 8 acres 18 guntas belonging to New Riyazul uloom Arabic Madrasa, Khanapur Taluk, Belagavi (Institution) was donated on 24 July 1963 to the Institution. Though the property was registered as a Waqf in October 1967, the said property was updated as a Waqf in the revenue records only during May 1971. Meanwhile, taking advantage of delay in updating the revenue records, the owners sold (April 1971) the above property to a third person. Thereafter, a suit was filed by the Institution and it was pending disposal as of May 2014. Further, scrutiny of the records showed that apart from the above, the Institute had in its possession land measuring 76 acres 09 guntas in different survey numbers of Gollehalli village, Khanapur taluk, Belagavi and out of this, 53 acres 17 guntas of land were alienated. The CEO (November 2014) assured that action would be initiated against all these cases.

4.2.3 Survey of Waqf properties

4.2.3.1 Survey

In terms of Section 4 of the Act, the State Government has to appoint a Survey Commissioner and as many Additional or Assistant Survey Commissioners as may be necessary, for the purpose of making a survey of Auqaf existing in the State as on the date of commencement of the Act (1 January 1996). The Survey Commissioner has to submit the report in respect of the Auqaf to the State Government which in turn, has to forward it to the Board for publishing it in the official Gazette.

The Government appointed (August 1997) the Secretary, Revenue Department as the Survey Commissioner and several Additional/Assistant Survey Commissioners to conduct survey of Auqaf. However, the survey commenced only during 2001 and as of April 2014, only 19,721 (60 *per cent*) out of 33,420 Waqf properties had been surveyed. The Board attributed shortage of surveyors for the delay in completing the survey. The CEO stated (November 2014) that 15,182 Waqf properties as of August 2014 were yet to be surveyed and that the survey process would be completed at the earliest. Non-completion of survey resulted in alienation as well as encroachment of Waqf properties which are discussed in the succeeding paragraphs.

4.2.3.2 Tardy action to remove encroachment of Waqf properties

Section 54 of the Act, read with the Waqf Amendment Act, 2013 empowers the CEO of the Board to remove any encroachment of Waqf property and also order the encroacher to deliver possession thereof to the concerned Mutawalli, within 45 days from the date of such order. If the encroacher fails to hand over possession by removing such encroachment within the specified period, the CEO may apply to the jurisdictional Sub-divisional Magistrate (SDM) under Section 55 of the Act, who shall cause to remove the encroachment and deliver possession thereof to the Mutawalli concerned by taking such police assistance, as may be necessary.

Audit observed that encroachments of Waqf properties had been reported in 21 out of 30 districts and there was delay in referring the cases of encroachments to the SDM even after the encroachers failed to remove the encroachments within 45 days from the date of order of the CEO. In 133 out of 252 cases of encroachments reported to the Board, the delay in referring the cases to the SDM ranged from 14 days to 12 years. While 64 cases had been referred to the SDM after a delay of less than six months, in 53 cases, the delay was for more than a year but less than five years. In nine cases, the delay was more than six years. In seven other cases³⁴, though orders for eviction had been passed by the CEO between 2001 and 2012 and the

³⁴ One case each reported during 2001, 2008 and 2012 and two cases each during 2009 and 2011

encroachers had not removed the encroachments, these cases had not been referred to the SDM so far (June 2014).

Audit further observed that at the SDM level, 150 cases for eviction of encroachments were pending in 21 districts. While 28 cases were pending for more than five years, 63 cases were pending between one and five years and 59 cases were pending for less than a year. Sixty properties were involved in these 150 cases and the aggregate extent of encroachments was 597 acres and 23 guntas valued at ₹ 74.80 crore.

Further, in five districts, no action was taken in respect of 28 properties measuring 213 acres which were reported as encroached. The value of these properties was ₹ 1,138.75 crore. The CEO replied (November 2014) that despite regular follow up with the authorities concerned, the issue had not been resolved. He also stated that staff shortage was the main reason for not taking timely action against encroachments. As this is a serious matter which gets aggravated with delay, staff shortages should not be allowed to affect timely action.

Joint verification by Audit and the officers of the Board of the Waqf properties showed that in five out of 20 districts, the Waqf property was encroached upon by making residential houses and commercial buildings as detailed in **Appendix-4.5**.

4.2.3.3 Incorrect withdrawal of proceedings initiated for eviction of encroachments

After ordering (August to November 2010) eviction of seven encroachments (1,367.04 sq ft) of a Waqf property in Vijayapura, the CEO dropped (July to November 2013) the eviction proceedings on the ground that the respondents in all these seven cases had passed away before the encroachments had been reported by the Mutawalli concerned. It was seen that the CEO did not subsequently obtain the status report in respect of these encroachments from the Mutawalli to decide upon removal of encroachments, if any, by the legal heirs of the deceased or others. Also, the Board did not continue the proceedings by making accountable the legal heirs so as to reach finality on the issue and resume the encroached property. The CEO assured (November 2014) that all cases pointed out would be re-examined afresh and action taken against the legal heirs of deceased respondents.

4.2.4 Loss of right on Waqf properties

The Karnataka (Religious and Charitable) Inams³⁵ Abolition Act (KIA), 1955 was enacted (September 1955) by the State Legislature to provide for the abolition of Religious and Charitable Inams in the State. Subsequently, it

³⁵ Inams – grant of village, portion of a village or land entered in the register of inams, quit-rent register, alienation register or any revenue account maintained by or under the authority of the Government as Devadaya Inam or Dharmadaya Inam, as the case may be.

enacted another act viz., The Karnataka Certain Inams Abolition Act, 1977 to provide for abolition of all Inams.

The provisions of the KIA Act, 1955 do not make any exception in case of Inams attached or dedicated to Muslim institutions and no distinction had been made in the Act, saving such category of Inams. The Board had also not initiated legal action challenging the provisions of the KIA Act, 1955 or the notification issued during January 1960, as per which the lands stood vested in the State Government. This resulted in extinguishing the right in respect of land measuring 57,043 acres 02 guntas across the State which stood transferred to the State Government. However, the Board even as on date (August 2014) continued to show the said property as Waqf property in its gazette which was incorrect.

Further, test-check of records of seven districts revealed that an extent of 17,310 acres 02 guntas was lost under KIA Act, 1955 which constituted 0.16 per cent to 93.57 per cent of total Waqf land in each of these districts.

The CEO replied (November 2014) that:

- The Inam lands had been granted by the erstwhile Maharajas several years back and no documents / title deeds were available now. These properties were shown as ‘Waqf’ in the gazette for documentation purpose under the principle, ‘once a Waqf is always a Waqf’.
- The Waqf Act being a Central Act would prevail over the State enacted KIA Act, 1955.
- Though the lands had been gazetted during 1965, the revenue authorities had not updated the land records by entering the name of Waqf.

The fact, however, remains that these lands are no longer in the possession of the Board and for a resolution of this contradiction in the provisions of KIA, the records maintained by the Board and the physical situation on the ground, the Board needs to take appropriate action in the matter.

4.2.5 Property Management

Section 32 (4) of the Waqf Act, 1995 states that where the Board is satisfied that any Waqf land, which is a Waqf property, offered potential for development as a shopping centre, market, residential flats and the like, it may serve upon the Mutawalli of the concerned Waqf a notice requiring him within such time, but not less than 60 days, as may be specified in the notice, to convey its decision whether he is willing to execute the development works specified in the notice.

In order to develop Waqf property, the following procedures were being followed:

- Finances for development of Waqf properties were to be arranged through availing loans from the Central Waqf Council (CWC), a statutory body established by the Government of India (GOI) for the purpose of advising it on matters pertaining to the working of the State Waqf Boards and through special grants received from the State Government to selected institutions for specific purposes.
- The Board stood guarantee for the loans availed from CWC and was responsible to monitor their recovery. The institutions receiving special grants had to submit utilisation certificates and also had to maintain separate accounts to be made available for verification by the statutory authorities.
- Bridge loan was sanctioned to these institutions, if required, to serve as seed money from Karnataka State Waqf Council (KSWC).

The observations in this regard are brought out in the subsequent paragraphs.

4.2.5.1 Sanctioning of loans from CWC/bridge loan

With a view to protect vacant urban Waqf properties from encroachers, to develop the same on commercial lines for generating more income and in order to widen welfare activities, CWC formulated a development scheme with annual grant-in-aid from the Central Government. Under this scheme, interest free loan was sanctioned to various Waqf institutions in the country through the State Waqf Boards, for taking up economically viable buildings on Waqf land such as commercial complexes, marriage halls, hospitals, cold storage *etc.*, subject to the following:

- Loanee should pay six *per cent* donation on the loan outstanding from time to time to the Education Fund, to be utilised for educational up-liftment of poor Muslims.
- On repayment of loan, the Waqf institutions were to spend 40 *per cent* of their enhanced income on the education of Muslims, particularly on technical education.
- State Waqf Boards have to furnish a guarantee to the CWC for the fulfilment of the obligations of the borrowers.
- Constitution of Project Development Committee (PDC) was mandatory before release of the development loan.

The loan amount was to be repaid to the CWC within a period of 10 years, excluding the moratorium period of two years. The amount received back was to be credited to a revolving fund which was to be utilised for granting further loans. In addition, KSWC sanctioned bridge loan³⁶ to Waqf institutions to serve as seed money for commencement of development works. The loan was repayable with a welfare cess @ five *per cent* per

³⁶ Type of gap financing arrangement wherein the borrower gets access to short term loans for meeting short term liquidity requirement.

annum. The Board was responsible to deduct the bridge loan together with welfare cess while releasing the first instalment of development loan sanctioned by CWC to the concerned Waqf institution.

Lapses on the part of the Board in this regard are detailed below:

- While the total amount of loan released to 35 Waqf institutions, period during which it was released and the date from which the amount was overdue was not available as at the end of March 2014, an amount of ₹ 5.53 crore was shown as outstanding from these 35 Waqf institutions **(Appendix-4.6)**.
- As the Board had stood guarantee to the loan amount of ₹ 5.53 crore, in order to discharge its commitment given to CWC, the Board was required to maintain a Demand, Collection and Balance (DCB) register to watch disbursement, recovery of loan and outstanding balance against each institution. However, the Board had neither maintained a DCB register nor had evolved any mechanism to watch prompt and full recovery of loan sanctioned. The CEO cited (November 2014) shortage of manpower as the reason for non-maintenance of DCB register.
- It was observed that certain Waqf institutions had remitted loan instalments directly to the CWC without routing it through the Board. But, the Board had neither issued any instructions in this regard nor had any information on its repayment. Hence, it did not exercise any control over recovery of loan and therefore the information on outstanding loan produced was unreliable.
- The proposals seeking sanction of loan were required to be accompanied by an estimate and sanctioned plan which were to be verified for its accuracy and authenticity by the Board before recommending the same to CWC. Since the post of Assistant Executive Engineer sanctioned for the purpose was vacant and in the absence of technical expertise, the Board accepted the estimates furnished by the Waqf institutions and forwarded the same to the CWC without any scrutiny. Further, it was observed that the utilisation certificates furnished by the institutions were forwarded to the CWC without verification. Hence, the Board lacked control mechanisms for monitoring the utilisation of these loans.
- Due to non-availability of periodical progress report and failure to evolve suitable monitoring mechanism, the Board did not have information about the number of works completed, copies of completion certificate/ utilisation certificates and inspection reports in case of all completed works, the amount spent on educational schemes out of the enhanced income, year-wise increase in Waqf fees³⁷, etc. The CEO (November 2014) confirmed the audit observation.
- The Board had not devised any mechanism to recover the bridge loan and remit the same to the KSWC. Further, it did not have any database

³⁷ Commercial development of property will increase in the revenue of the Waqf institutions which in turn results in increase in Waqf contribution payable to the Board (seven per cent).

on the number of institutions which had availed the bridge loan from KSWC and the amount which was recovered from these institutions except for ₹ 69 lakh released to 13 institutions prior to November 1995. The CEO confirmed (November 2014) that the KSWC had directly released the loan to the concerned institutions without furnishing necessary information to the Board.

- Instances of mis-utilisation of loans released to three institutions are brought out in the **Appendix-4.7**.

The CEO accepted (November 2014) all the observations made by Audit and stated that the DCB register had been maintained by the CWC. The reply is not tenable as the Board being a guarantor to the loan was required to monitor the repayment by maintaining a DCB register.

4.2.5.2 Release of Special Grants

During 2009-14, State Government had released ₹ 3.95 crore as special grants for six³⁸ Waqf institutions without technical scrutiny and detailed project report. Moreover, there was no system to ascertain the utilisation of special grants.

Joint inspection of three institutions revealed that the works were incomplete in all cases and the institutions had not maintained any separate accounts for the special grants.

4.2.5.3 Grants-in-aid (GIA) from the State Government

With a view to safeguard the Waqf properties from the encroachment and unauthorised possession and also to provide financial assistance for construction of new Waqf buildings, to carry out repairs, renovation/improvements to the existing buildings, the State Government released grant-in-aid to the Board both under Plan and Non-plan heads. GIA Code (Code), exclusively applicable to the Waqf institutions in the State of Karnataka was approved during August 1979, wherein detailed guidelines had been issued prescribing the conditions of Grant, procedure for release and utilisation of Grant, eligibility criteria *etc.*

Test-check of files related to release of GIA to the Waqf institutions revealed that none of the conditions laid down in the said Code had been put into practice resulting in large scale deviations and violations, which are as detailed below:

- While the rules under Code made it mandatory to route all the applications for grants through the Board with its recommendations, it

³⁸ Dargah Hazrath Tawakkal Mastan, Bengaluru (₹ 45.05 lakh), Dargah Hazrath Tippu Sultan (₹ 50 lakh), Dargah Hyder Wali Baba, Mulbagal (₹ 50 lakh), Dargah Hazrath Kambal Posh, Bengaluru (₹ 50 lakh), Dargah Hazrath Mardhan-E-Ghaib, Shivanasamudram (₹ 50 lakh), Dargah Hazrath Fakhi Shah Wali, Murugamalla (₹ 150 lakh)

was observed during 2009-14 that out of 4,572 Waqf institutions which had been sanctioned GIA, only 718 Waqf institutions had been recommended by Board. Remaining 3,854 Waqf institutions had been sanctioned grants directly by the Government without recommendations from the Board.

- Further, the Code prescribed grantee to furnish a copy of the duly audited annual statement of accounts of the institution to the Board before the 1st day of May of the following year. However, the Board did not have any mechanism to watch the prompt receipt of audited annual accounts from the grantee institution.
- The Board had not obtained and kept on record completion certificate to ensure whether the project, for which the GIA had been released, was duly completed in all respects, as per the project estimate and plan. Moreover, though, these institutions were to maintain separate accounts for the GIA received, it was observed from the accounts furnished and also during the joint inspections that there was no system of maintaining separate accounts.
- Though the grant was to be released in two instalments, the second being released only on receipt of a report from the Waqf Officer on satisfactory progress of work and submission of a Utilisation Certificate (UC) in respect of the first instalment of the grant, within six months from the date of release, the Board had released the second instalment of the grant, despite the Waqf institutions not adhering to this condition. This reflected lack of suitable monitoring mechanism at the Board level.
- Consolidated UC for the total amount of grant released was also not monitored and the Board did not have information on the number of grantees, who were yet to submit final UC. Deficiencies noticed in the test-checked 776 cases are as shown in **Table-4.7** below:

Table-4.7 : Deficiencies noticed in test-checked cases

	Instalment	No of cases	Percentage to test checked cases
Delay in receipt of UCs	I	170	21.91
	II	37	4.77
Delay for more than one year	I	146	18.81
	II	36	4.64
Non-receipt of UC	I	275	35.44
	II	120	15.46
II instalment released without UC for the I instalment	--	82	10.57

- The Grants sanctioned and released by the Government were to be paid by the Board to the Waqf institutions, immediately and also within the financial year, in which it was released. However, it was observed in the 776 cases test-checked that grants had been released to the grantee institutions by the Board with delays ranging from six months to one year in 100 cases (13 per cent) and with a delay of more than one year in 101 cases (13 per cent). In three cases, the grants were not released by the Board even after four years. The CEO stated (November 2014) that

grants were directly released by the Government in certain cases even when the violation of the GIA was repeatedly brought to notice and at times, this resulted in sanctioning grants to ineligible institutions also. He also quoted manpower constraints as the main reason for the control failures pointed out by Audit.

- The Board had invested ₹ 1.50 crore (May 1999) in Bangalore Mercantile Co-operative Bank Ltd for the initial period of four months on the directions of Minister of State for Tourism, Infrastructure Development and Waqf. Similarly, it also invested ₹ 15 lakh in Al-Iqra Credit Co-operative Society, Davanagere (January and September 1997) for a initial period of seven months. The amounts deposited were out of GIA released by the State Government. However, both the institutions had failed to refund the principal amount even after maturity. On issue of several showcause notices, the principal amounts were received during September 1999 to February 2010. Since the GIA were meant to be released by the Board to the beneficiary for utilisation for a specific purpose, the irregular investment of ₹ 1.65 crore by the Board during 1997-99, not only resulted in denying the Government assistance to the concerned Waqf institution, but also in locking up of Government funds up to February 2010. The CEO stated (November 2014) that the Government had initiated inquiry in this regard and the same was in progress.
- The Government of Karnataka released a sum of ₹ 11.75 crore during 2011-14 to the Board for implementation of the “Scheme of remuneration to Imams and Muezzins, 1995.” Since the Board was yet to finalise the modalities of implementation of the scheme, it invested the plan grants in term deposits of different banks. On review of cash book and bank pass sheet related to administration of this grant showed that there was considerable delay in the investment of funds in term deposits and huge amounts were retained in the saving bank (SB) account for periods ranging from six to 199 days. Since SB account earns a lower interest of four *per cent* per annum as compared to 9 to 9.5 *per cent* interest, fetched by term deposits, intermittent delay in transfer of funds from SB account to term deposits resulted in a loss of ₹ 23 lakh. The CEO stated (November 2014) that the scheme had since been approved during July 2014 and the payment was under process.

4.2.5.4 Leasing of Waqf properties

Section 56 of the Act lays down certain restrictions on power to grant lease of Waqf property. As per the provisions, while the lease or sub-lease for any period exceeding three years of any immovable Waqf property would be void and have no effect, the lease or sub-lease for any period exceeding one year and less than three years would be void and have no effect unless made with the previous sanction of the Board. Further, in Waqf (Amendment) Act, 2010 the Waqf properties could be leased or sub-leased upto 30 years. Irregularities in this regard are brought out in the succeeding paragraphs:

- Contrary to the above provisions, two Waqf properties were leased for more than three years which are detailed in **Table-4.8**. This resulted in loss to the concerned Waqf institutions as they lost opportunity to earn income according to the prevailing market rates.

Table 4.8: Waqf properties leased

Name of the lessee institution	Name of waqf institution	Period of lease	Date of lease execution	Remarks
Al-ameen Educational Society, Bengaluru	Dargah Ataullah and Wadi Sha	99 years	October 1976 with registered lease agreement in February 1987	The lease deed was executed for 99 years even when there was no provision for the same in the Waqf Act.
Central Muslim Association of Karnataka	Hameed Shah & Haz. Muhib Shah Khadri Dargah	35 years	October 1985	The lease deed was executed for 35 years even when there was no provision for the same in the Waqf Act.

- Though lease deed was executed by the Board, there was no system in place to obtain the accounts of these institutions to ensure that the income derived out of commercial exploitations were utilised for educational purposes only.
- M/s. Pioneer Power Corporation Limited (Company) requested (February 2005) the Board to lease out four acres of land in Sy.no.2, Sathegala village, Kollegal taluk, Chamarajnaragar, a notified Waqf property for setting up of a power plant for generation of 24.75 MW power. Based on the recommendation of the sub-committee, the Board approved (February 2006) leasing of 10 acres of land for a period of three years for a lease amount of ₹ Two lakh per annum with an increase by five *per cent* every year. The lease deed was executed during July 2006 and was operative for three years and was renewed twice (June 2009 and June 2012). Since the land was leased for an infrastructure project, Board was aware that the lease was for long term and could not be terminated in the near future. Therefore action of the Board in leasing out Waqf property, which involved, indirectly granting right of a long term nature, was in direct violation of the provision 56 of the Waqf Act, 1995. Further, the lease amount which was determined at ₹ Two lakh and subsequently renewed as ₹ 7.5 lakh (June 2009) and ₹ 15 lakh (June 2012) was not based on any scientific method but was fixed arbitrarily.
- Scrutiny of files/records and during joint inspection of Waqf properties, it was noticed that the Waqf institutions had let out their buildings to commercial establishments. However, while fixing rent, the rent was fixed arbitrarily without ascertaining prevailing market value, rent fixed by other owners in the vicinity *etc.* Such fixation had not only resulted in loss to the Waqf institution but also to the Board. Some of the cases are brought out in **Appendix-4.8**.

Hence, failure on the part of the Board to review periodically the rent fixed by the Mutawalli, so as to ensure fixation of fair rent in these case reflected that

the Board did not satisfactorily discharge the duties assigned to it under Section 32 of the Act. Also, the Board had not evolved any mechanism to review the reasonableness of the rent fixed by Mutawalli of various Waqf institutions in the State and had also not taken action to streamline the process relating to fixation of lease/rent for Waqf property, on the basis of the market value of the property in question.

The CEO stated (November 2014) that the leasing of properties were now being made in accordance with the Lease Rules 2014 which stipulates fixation of lease rent at five *per cent* of the guidance/market value. Hence this confirms audit observations.

4.2.6 Waqf Contribution

Section 72 of the Waqf Act, 1995 stipulates recovery of annual contribution payable by the Mutawallis to the Board. It states that the Mutawalli of every Waqf, the net annual income of which is not less than five thousand rupees, shall pay annually, out of the net annual income derived by the Waqf, such contributions, not exceeding seven *per cent* of such annual income, as may be prescribed, to the Board for the services rendered by such Board to the Waqf.

As at the end of February 2014, ₹ 4.16 crore was due towards Waqf contribution. Of this, ₹ 2.14 crore was due from Bengaluru (U) alone. In the absence of budget estimates, annual accounts and audit report, the figures reflected in the DCB were not reliable. The CEO stated (November 2014) that the demands for Waqf contribution were based on the budget estimates furnished by the Waqf institutions. He also quoted shortage of staff and absence of monitoring mechanism for non-recovery of Waqf contribution.

4.2.7 Administration and Accounts

4.2.7.1 Administration

In accordance with the provisions contained in section 69 of the Waqf Act, 2013, it was necessary for the Board to frame a scheme for the proper administration of the Auqaf, after consultation with the Mutawalli, in the prescribed manner. In pursuance of the above provision, the Board approved (March 2013) the Model Scheme of Administration for implementation by all the Waqf institutions. The Waqf institutions were required to frame their own scheme of administration on par with the Model Scheme of Administration, in order to suit their individual needs/objectives. The scheme so framed was to be approved by the Board.

Out of 28,672 registered Waqf institutions existing in the State as of November 2014, the Board had approved the Model Scheme of Administration only in respect of 250 institutions, which constituted a meagre 0.87 *per cent*.

4.2.7.2 Accounts

Under various provisions of the Waqf Act, 1995 and Waqf (Amendment) Act, 2010, every Mutawalli of a Waqf is required to prepare and submit budget estimates every year. Similarly, Waqf institutions are required to prepare and furnish annual accounts before 1st day of July every year. Further, these institutions were required to be audited periodically in the manner prescribed by the Internal Audit Wing of the Board.

Test-check of 144 institutions in 22 districts having an income of more than ₹ Five lakh revealed the following:

- Out of 144 institutions, only five institutions had submitted budget estimates for all the five years, 11 institutions had submitted for four years, 21 institutions for three years, 12 institutions for two years and 16 institutions for one year. Seventy-nine institutions which had not submitted the budget estimates during the last five years included Waqf institutions which were directly managed by the Board which indicated that there was no system to watch the receipt of the budget estimates from the institutions.
- Out of 144 institutions, only 45 had submitted annual accounts during 2009-14. Of this, only one institution had submitted accounts for all the five years.
- Board had neither drawn an annual audit plan to implement the provisions laid down in the Waqf rules nor had it conducted any internal audit of the Waqf institutions. Further, it was observed that the Board had not appointed panel of auditors for auditing the institutions and also the records did not reveal whether audit had been conducted by Waqf inspectors. Hence, Board did not have any mechanism to monitor the activities of the Waqf institutions.

The CEO stated (November 2014) that the shortcomings pointed out by Audit would be addressed once the vacant posts had been filled up.

4.2.7.3 Findings of Joint Inspection

As the Board did not carry out internal audit of the Waqf institutions, maintenance of mandatory records by the institutions was not ascertainable. Hence, joint inspection of 47 Waqf institutions with the District Waqf Officer concerned was conducted and the results of which are detailed below:

- None of the records prescribed under the Waqf Rules were maintained except for cash book.
- Cash book was maintained only in 23 out of 47 test-checked Waqf institutions. Two out of 23 institutions had not maintained the cashbook in prescribed format.
- Two Waqf institutions had maintained the accounts for the Ramzan period instead of financial year.

- The Waqf institutions which had maintained cash book, however, had not conducted bank reconciliation.

Individual findings in respect of three Waqf institutions are brought out in the **Table-4.9** below:

Table-4.9: Individual findings of Waqf institutions

Name of the Waqf institution	Audit findings
Mohiydeen Jumma Mazjid Mulim Jamaath, Baikampady	State Government had sanctioned an amount of ₹ 70 lakh in the form of grant and loan for construction of Shaadi Mahal during November 2008 to March 2009. As per the request of the institution, the Government sanctioned additional loan of ₹ 30 lakh which was released in two instalments (May 2011 and July 2011). Scrutiny of the estimate for the additional loan revealed that it included works amounting to ₹ 27 lakh which had already been completed. Further, it was observed that the Shaadi Mahal had been completed in all respects and was generating income from January 2011 itself. In view of the above facts, proposal for seeking additional loan was false and misleading.
Muslim Orphanage, Bengaluru	Scrutiny of the records of Muslim Orphanage revealed that ₹ 84 lakh was kept in the Amanath Co-operative Bank. (₹ 65 lakh as fixed deposit and ₹ 19 lakh in various accounts). Since the bank had ceased its operations owing to financial irregularities, the auditor had termed the realisation as doubtful. Further, investment of the said amount was irregular as the bye-laws of Waqf institution had stated that the bankers were to be nationalised banks only and entire transactions were to be made through them. Hence, failure of the Board as monitoring authority resulted in loss of ₹ 84 lakh.
Gulistan Shaadi Mahal, Bengaluru	Gulistan Shaadi Mahal established during 1965 was managed by a panel of members (trust) upto April 2003 independently until Administrator was appointed by the Board (September 2003). Scrutiny of records revealed that the then trust had entered (September 1998) into a Memorandum of Understanding (MOU) with Madani Education Trust for extending interest free loan of ₹ 60 lakh. It was observed that, against the MoU of ₹ 60 lakh, the trust had released ₹ 80 lakh to Madani Education Trust, of which ₹ 50 lakh was released (December 1996 and August 1998) prior to entering into the MoU. The members of this trust and Madani Education Trust were one and the same. However, this fact was not considered when the Board had decided to take action against the institute. Except for issuing notices (first notice issued in September 2004) no other action was taken by the Board and the fact remained that the amount was yet to be recovered even after ten years from the date of first action initiated.

The CEO replied (November 2014) that ₹ One crore was earmarked for the training of management committees of Waqf institutions scheduled to commence from December 2014, as the persons managing the Waqf institutions were either unqualified or illiterate and did not possess knowledge of accounts or the provisions of the Waqf Act and Rules.

4.2.8 Monitoring

Karnataka Waqf Regulations, 2010 envisaged constitution of District Waqf Advisory Committee (DWAC) for every district in the State for supervision of Auqaf. However, the DWACs constituted in pursuance of the provisions contained in the Waqf Act, 1995 did not lay down detailed guidelines to ensure its effective functioning. Further, full fledged DWACs were not constituted in 14 districts. Also, the regulations prescribed periodical and regular meetings of the DWAC. However, no information was available with regard to the number of meetings conducted by each of the DWACs during each financial year, agenda for the meetings, proceedings of the meetings, specific subjects referred, if any, to the DWAC by the Board *etc.* Thus, the Board did not exercise any superintendence and control over the DWAC, which reflected the absence of requisite monitoring and internal control mechanisms.

A special study conducted by the Karnataka State Minorities Commission on the protection of Waqf properties had recommended constitution of 'Waqf properties task force'. Government constituted (May 2013) two Waqf properties task forces *viz.*, State Level Waqf Properties Task Force (SLWPTF) and District Level Waqf Properties Task Force (DLWPTF) laying down a six-point programme and also guidelines for functioning of these task forces. However, it was observed that the DLWPTF did not meet at prescribed intervals due to which the SLWPTF was also unable to perform its duties.

Thus, the monitoring as well as internal control mechanism in the Board was deficient. This was accepted by the CEO (November 2014).

4.2.9 Conclusion

The Board had not framed regulations for registration of Auqaf. The Board did not follow the procedures for updating the records in the concerned land office having jurisdiction of the Waqf properties. This resulted in sale/transfer of Waqf properties after their registration by the Board.

The survey of Waqf properties was commenced only during 2001 and as of April 2014, only 60 *per cent* Waqf properties had been surveyed. Further, non-completion of survey resulted in alienation as well as encroachment of Waqf properties.

By not initiating legal action challenging the provisions of the KIA Act or the notification issued during January 1960, as per which the lands stood vested in the State Government and the land had been granted to eligible persons under the Land Grant Rules, 1969, the Board does not have a 'right' in respect of 57,043-02 acres of land across the State.

There was an outstanding loan of ₹ 5.53 crore pending against 35 Waqf institutions. Due to non-availability of information on number of works completed, copies of completion certificate/utilisation certificates and inspection reports in case of all completed works, the amount spent on educational schemes out of the enhanced income, year-wise increase in Waqf fees, *etc.*, whether, the Waqf institutions which had availed loan from CWC, fulfilled the conditions stipulated was not ascertainable. Contrary to the existing provisions, there were a number of transgressions in respect to period of lease fixation and recovery of lease rent, even with reference to commercial establishments. Also, the monitoring and internal control mechanism in the Board was ineffective.

4.2.10 Recommendations

- Board may take action to complete the survey of Waqf properties in a time bound manner for having complete picture for planning and management of its property including avoidance of encroachment.
- Board may take action to comply with the provisions stipulated in Section 37 of the Waqf Act, 1995 and get the land records updated from time to time by pursuing the matter with the revenue authorities for updation of land records.
- The Board should strictly implement the provision of Waqf rules to obtain the accounts of Waqf institutions to ensure that the income derived out of commercial exploitations were utilised for educational purposes only.
- Board may constitute full fledged DWAC prescribing their duties and responsibilities and also should strive towards effective functioning of State Level and District Level Waqf Properties Task Force to strengthen the monitoring system of the Board.

The matter was referred to Government in October 2014; reply is yet to be received (October 2014).

DEPARTMENT OF COLLEGIATE EDUCATION

4.3 Irregular retention of tuition and laboratory fees

Fifty one Grant-in-aid colleges irregularly retained tuition and laboratory fees of ₹ 23.97 crore collected from students without remitting it to the joint accounts with Director of Collegiate Education. The Commissioner, Collegiate Education routinely released grants to these colleges without adjusting the amounts retained by the colleges against the grants.

The Karnataka Educational Institutions (Collegiate Education) Rules, 2003 (Rules) under Rule 18 permits the managing committee of the Grant-in-aid colleges to collect tuition and laboratory fees from the students at rates not exceeding twice the standard rates fixed by the Government or as fixed by the Government from time to time. The fees so collected are to be remitted to the joint account³⁹ on the same day. In case of failure to do so, the Commissioner of Collegiate Education is either to direct that all the fees and other dues shall be paid by students directly to the joint account or to reduce the salary grants to these Grant-in-aid colleges by the amount of fees not remitted. However, prior to 2003, the management of the colleges was required to remit only the standard rates of fees fixed by the Government.

We observed that during 2004-14, against ₹ 47.87 crore collected as tuition and laboratory fees, ₹ 23.97 crore had been retained by 51 Grant-in-aid colleges and no information was available in respect of the remaining 12 Grant-in-aid colleges. The colleges stated (January 2014) that they were awaiting the Government's decision on their representation requesting to revert back to the earlier system of remitting only the standard rates of fees to the joint account.

Though the Rules empowered the Commissioner to reduce the salary grants by the amount of fees remaining to be remitted to the joint account, the Regional Joint Director, being the monitoring authority for these Grant-in-aid colleges, had not taken any action except for issuing show cause notices/reminders in 2013-14. Further, the Commissioner routinely released the salary and other grants amounting to ₹ 670.12 crore during 2009-14 to these 51 Grant-in-aid colleges without taking cognizance of the non-remittance of fees collected by the colleges to the joint account.

Thus, failure to track the collection and remittance of fees by the Grant-in-aid colleges facilitated continued retention⁴⁰ of fees of ₹ 23.97 crore by the colleges, which was yet to be refunded to the Government.

³⁹ The Director of Collegiate Education opens a Joint Account in the Bank in the names of the Director and the Principal duly authorised by the Managing Committee of the Educational Institution for which the Grant-in-aid is paid under the Rules.

⁴⁰ Retention figures were as on May 2014.

The Department stated (November 2014) that action would be taken to recover the said amount.

The matter was referred to Government in July 2014; reply was yet to be received (October 2014).

DEPARTMENT OF HOME

4.4 Avoidable payment of interest

The Government delayed the decision to swap higher interest bearing loans with HUDCO resulting in payment of higher rate of interest for more than two years and avoidable additional interest payment of ₹ 4.77 crore.

The Karnataka State Police Housing Corporation (Corporation), the nodal agency for implementation of Accelerated Housing Schemes I and II, availed loans of ₹ 80 crore and ₹ 45 crore (May 2001 and March 2005) from Housing Development Finance Corporation Limited (HDFC) in three tranches for construction of 10,100 residential houses for police personnel. The loans which carried interest (floating) at the rate of 12.5 *per cent* and 10.25 *per cent* per annum, respectively, were to be repaid in 60 equated quarterly instalments. The State Government had stood guarantee for these loans and provided budget provision for their repayment.

The Corporation noticing that the interest rate had increased upward to 14 *per cent* and 12.25 *per cent* per annum, respectively, based on the prime lending rate, requested (September 2008) the Departments of Home and Finance to provide funds for pre-closure of loans. However, the State Government took 19 months to inform (March 2010) the Corporation to examine the feasibility of swapping the loans at lower rates of interest as it was not in a position to finance the proposed pre-closure due to lack of fiscal space.

The Corporation then approached the Housing and Urban Development Corporation Limited (HUDCO) for taking over the loan outstanding with HDFC. HUDCO agreed (May 2011) to take over the outstanding loan at the interest rate of 11.5 *per cent* per annum (fixed) subject to guarantee from the State Government and execution of the loan agreement within a period of four months. The Corporation referred (June 2011) the matter to the State Government.

When the State Government approved (July 2011) swapping of the outstanding loan of ₹ 62.83 crore (1 July 2011) with the loan obtained by the Corporation from HUDCO, its interest rate had increased to 12 *per cent* per annum. Further, the delay on the part of the Government in communicating its decision resulted in payment of interest to HDFC at a higher rate on the

outstanding loan. The interest rate charged by HDFC had increased to 17 per cent per annum at the time of swapping the loan.

Thus, delay on the part of the Government in taking decision on swapping of loans led to payment of interest at higher rates to HDFC for 32 months from September 2008 to July 2011, resulting in avoidable additional interest payment of ₹ 4.77 crore.

Government replied (September 2014) that due to swapping, there was a saving of ₹ 8.34 crore to the State Exchequer. The fact, however, remains that had the Government taken timely decision, it could have resulted in additional savings of ₹ 4.77 crore.

4.5 Locking up of Government funds

An effective emergency responsive system to handle public distress could not be established due to entrustment of the project to the Karnataka State Police Housing Corporation which lacked the expertise in the field and resulted in blocking of funds of ₹ 3.66 crore for over three years.

The Director General and Inspector General of Police (DG &IGP) entrusted (January 2009) the procurement of GPS based vehicle monitoring and Dial 100 system and communication equipment along with other infrastructure facilities to the Karnataka State Police Housing Corporation (Corporation) for which ₹ Eight crore was provided between January 2009 and March 2010 out of XII Finance Commission Grants released for Modernisation of Police Force.

The Corporation invited (August 2009) Expression of Interest (EOI) for the setting up of an effective emergency response system to handle public distress for Mysuru, Hubballi-Dharwad, Belagavi and Kalaburagi. Further, the Corporation issued (12 May 2010) request for proposal to five shortlisted bidders fixing the last date for submission as 13 July 2010. Meanwhile, on being directed by the High Power Committee of the XII Finance Commission (19 May 2010) to refund the entire unutilised grant on grounds of delay in implementing the project, the Corporation remitted (July 2010) ₹ Eight crore to Government account.

The DG&IGP again sought (January 2011) funds for implementation of the scheme and the Government while according (February 2011) administrative approval for implementation of the project in three districts Mysuru, Hubballi-Dharwad and Mangaluru at a cost of ₹ Five crore, released (March 2011) ₹ 3.66 crore. The amount was deposited with the Corporation in April 2011.

The Corporation, after finalising the techno-commercial evaluation of the proposals already received in July 2010, sought (November 2011) Government approval for the tender evaluation statement and permission for

negotiating with the lowest bidder. Meanwhile, the Corporation had sought extension of validity period twice⁴¹ from all the bidders. When requested (December 2011) to extend the validity for another two months, except for one bidder, all the other bidders refused to extend the validity period. The Government, therefore, directed (April 2012) the Corporation to re-tender the work. In response, the Corporation pleaded its inability to take up the work on the grounds that it lacked the qualified experts who were earlier involved in the project.

Further, the Government while issuing (January 2012) directions for constitution of tender scrutinising committee and designating various authorities in the Department of Home for procurement of goods and services observed that the practice of authorising the Corporation to call for tenders, approve them and procure goods was improper. No further action was taken till December 2013, when the DG&IGP stated that tenders for procurement of the system would be invited after identifying a consultant for implementation of the project. Consequently, the deposit of ₹ 3.66 crore remained un-utilised with the Corporation for over three years.

Thus, entrustment of the project to the Corporation which lacked the expertise in the said field resulted not only in locking up of Government funds and non-establishment of the said system for more than three years but also hampered the communication infrastructure aimed at improving the delivery of the police services.

Government replied (November 2014) that action would be taken to float the tender and utilise the amount. The fact however remains that the effective emergency response system to handle public distress was not established.

DEPARTMENT OF HIGHER EDUCATION

4.6 Violation of codal provisions resulted in escalation of cost and stoppage of work

Inordinate delay in handing over site and issuing structural drawings for the Post Graduate Centre, Kolar led to stoppage of work by the contractor midway and cost overrun of ₹ 1.59 crore apart from depriving the students of intended facilities.

Karnataka Public Works Departmental Code stipulates that before inviting tenders for a work, Department should ensure availability of site and other requisites such as sanctions from appropriate authorities, design and drawings and provisions of funds.

⁴¹ 1st extension: from 26-05-2011 to 25-09-2011
2nd extension: from 26-09-2011 to 25-12-2011

The Bangalore University (University) accorded administrative approval (March 2008) for construction of a Post-Graduate Centre at Kolar on 30 acres of land granted (April 2007) by the State Government. However, the land was transferred to the University only in August 2008 due to delay in acquisition of land by the Deputy Conservator of Forest. The new Post-Graduate Centre comprised an administrative block, classrooms, library and seminar hall with a total area of 53,241 sq ft. Even before the site was available, the work was tendered and awarded (April 2008) to a contractor at a tendered cost of ₹ 11.27 crore which was 5.4 *per cent* above the estimated cost based on Schedule of Rates of 2007-08 (₹ 10.85 crore). The stipulated date of completion of work was 24 months from the date of handing over the site.

We observed that the site was handed over (September 2008) to the contractor after a delay of five months. Further, the structural drawings were issued to the contractor between September 2008 and June 2010. After receiving payment of ₹ 3.93 crore, the contractor stopped (June 2010) the work after the contract period and requested for extension of time and revised rates based on Schedule of Rates 2009-10. At the time of stoppage of work, the administrative block had been almost completed while classrooms had been only partially completed.

Meanwhile, in the meeting (August 2012) under the Chairmanship of Vice Chancellor, Bangalore University, the contractor agreed to resume the work subject to issue of revised work order at revised rates and also an advance payment of ₹ 25 lakh. Subsequently, a revised work order for ₹ 8.93 crore (2.5 *per cent* above the Schedule of Rates of 2011-12) was issued (August 2012) and ₹ 25 lakh was paid (September 2012) as advance to be adjusted in the next running account bill. However, the contractor failed to resume work even after the payment of advance. Further, no action was initiated by the University to re-tender the work or to get the work completed at the risk and cost of the contractor.

The University accepted (December 2013) that at the time of inviting tenders, the site was not available. However, tenders were invited since it was anticipated that the University might be able to get the land immediately. It was further stated that classes were being held in the newly constructed administrative block. The reply does not address the fact that the administrative block which had not been handed over yet by the contractor lacked basic facilities such as doors, windows, electricity, water and sanitation.

Thus, the University though well aware of the fact that the site was not available and drawings were not ready, had awarded the work in violation of codal provisions. This not only resulted in stoppage of work but also cost overrun of ₹ 1.59 crore. Further, it deprived the students of intended facilities.

The matter was referred to Government in July 2014; reply was yet to be received (October 2014).

DEPARTMENT OF HOUSING

4.7 Irregular investment in equity based funds

Disregarding the directions of the Government, the Karnataka Housing Board formed a Trust to invest its Gratuity and Pension Fund (₹ 30 crore) in equity based funds which were inherently risky. This resulted in loss of interest of ₹ 79 lakh.

Section 50 and Section 87A of the Karnataka Housing Board (KHB) Act, 1962 stipulate the following:

Section 50	All moneys and receipts forming part of the fund of the Board are to be deposited in the Reserve Bank of India or in any Scheduled Bank or invested in such securities as may be approved by the Government.
Section 87A	Confers overall control and supervision of all the activities and affairs of the Board to the State Government and empowers the State Government to call all the records of the Board for satisfying itself as to the correctness, legality and propriety of the activities and affairs of the Board.

Further, the Karnataka State Bureau of Public Enterprises in its guidelines (April 2009) directed that every investment decision was to be approved by the Board of Directors or Finance / Investment Committee constituted by the Board and that no investment should be made in public and private mutual funds where there were equity based operations.

KHB invited (June 2010) proposals from Life Insurance Companies for management of Gratuity and Pension Funds of its existing employees and pensioners including family pensioners. On evaluating the proposals received, KHB shortlisted (August 2010) two insurance companies for obtaining commercial proposals from them. The Evaluation Committee evaluated the commercial proposals received and recommended (28 August 2010) the proposal submitted by the ICICI Prudential Life Insurance Company (Company). The Evaluation Committee also urged KHB to invest before 31 August 2010 to avail of the incentives offered by the Company. Accordingly, Controller of Finance invested (31 August 2010) a token amount of ₹ 0.50 lakh each in two Insurance products pending approval by the Board.

In the 426th Board's meeting (September 2010), the representative of Finance Department suggested the following:

- The Management of the Gratuity and Pension Fund was to be given to more than one organisation;
- The Committee headed by Secretary, Department of Housing was to study and analyse the issue in detail;
- The management of the said funds by other organisations such as Bangalore Water Supply and Sewerage Board, Karnataka Power Transmission Corporation Limited, *etc.*, was to be studied; and

- To cancel the current tender process and call for new tenders in order to have more transparency.

Further, the Finance Department after reviewing the concerned files of the KHB observed (December 2010 and May 2011) that the minimum qualification criteria for fund management and the table for evaluation had not been firmed up prior to opening of the bids, notings in the file had been reconstructed and technical parameters seemed to be set in a manner that precluded wide competition.

Meanwhile, the Board resolved to drop the proposal in its meeting held during February 2011 and withdrew (September 2011) the amount invested. Further, the KHB constituted (September 2012) a Trust under the chairmanship of the Commissioner without approval of Government and applied (September 2012) for recognition from the Department of Income Tax. The Employees Gratuity Fund and Pension Fund created under the Trust was recognised by the Department of Income Tax with effect from 24 January 2013. Even before obtaining recognition from the Department of Income Tax, ₹ 30 crore was invested (September 2012) again in the two insurance products of the Company which had already been rejected by the Finance Department without calling for fresh tenders. As the insurance products were market-linked, KHB found the investment risky and earning less interest and decided to pre-close (December 2013) the investment and re-invest the amount received (₹ 32.64 crore) in a nationalised bank.

It is apparent, however, that KHB while deciding to invest in the market linked insurance products did not comply with the Finance Department's directions and:

- Management of Gratuity and Pensions funds were given to single organisation.
- No committee was formed to study and analyse the issue in detail.
- The investment in the fund was made based on the earlier tender process.

These not only resulted in lower yield but also loss. The loss suffered by the KHB in comparison to fixed deposit rate of 8.75 *per cent* per annum offered by nationalised banks during that period worked out to ₹ 79 lakh⁴².

The KHB stated (August 2014) that the amount has since been withdrawn and has been deposited in a fixed deposit of a nationalised bank.

The matter was referred to Government in August 2014; reply was yet to be received (October 2014).

⁴² For a principal value of ₹ 30 crore for a period of 15 months in the regular fixed deposit earnings at 8.75 per cent would be ₹ 3.43 crore. Against this KHB earned only ₹ 2.64 crore. The difference of ₹ 79 lakh is taken as loss of interest.

DEPARTMENT OF HORTICULTURE
4.8 Continued release of funds for a project which was not taken up

M/s.Greenlife International, a society registered for establishing an International Agricultural Trade Fair Centre at Poojenahally received grants from the Government year after year even though it had huge unspent grants(₹ 8.38 crore). The project also failed to take off due to unresolved land disputes. Further, investment of unutilised amount in low yielding savings account led to potential loss of ₹ 1.95 crore.

To enhance the livelihood of those directly or indirectly dependent on Agriculture and Allied sectors, the State Government approved (August 2007) a project for establishment of an International Agricultural Trade Fair Centre (Project) at Poojenahally. The main objectives of the project were to:

- Provide single window platform for dissemination of information on Global trade and technological advances in the field of Agriculture and allied activities.
- Provide linkages to the Agricultural producers of the State with rest of the world.
- Create world class facilities for producers and buyers to meet and exchange their ideas and requirements.
- Create state-of-the-art facilities to conduct international trade exhibitions involving producers and buyers.

The project was to be setup over 53 acres of land in possession of the Department of Horticulture at Poojenahally. The operational features included information desk, crop showrooms, technical and consultancy cell, business centre, exhibition pavilions, seasonal stalls, convention/training centre, international hostels and business incubation and laboratory. The Government constituted (August 2007) an Empowered Committee chaired by the Additional Chief Secretary and Development Commissioner and an Executive Authority chaired by the Secretary, Department of Horticulture for establishing and managing the project. The project was scheduled for completion during 2008-09.

Further, Government had accorded (August 2007) approval for registering a society for implementing the project and M/s. Green Life International (Society) was registered as a society during October 2007.

The Government, while releasing (March 2008) a grant of ₹ Five crore, to the Society, had earmarked the expenditure towards construction of compound wall, water and electric supply, rain water harvesting, contour survey/ground plan/consultancy charges, civil works and staff expenses. However, the

expenditure incurred was only ₹ 0.42 lakh, mainly on legal services. Though the society had huge unspent grants, the Government released further grant of ₹ 3.70 crore to the Society during 2009-14 routinely without monitoring the utilisation of the grants previously provided. As of March 2014, against receipt of ₹ 8.70 crore, the Society had incurred expenditure of only ₹ 32 lakh.

The Department in its reply stated (July 2014) that against 77 acres of land granted (May 1972), it had only 52.09 acres of land in its possession. It was further stated that civil works had not been taken up as the remaining land was under litigation. The reply was not acceptable as the Department not only had sufficient land in its possession, but also funds to start off the project. Further, continued funding of the Society through Government grants only resulted in parking of huge funds outside the Government Account.

In addition, we observed that the Society had kept the Government grants in a savings bank account which had earned interest of ₹ 1.42 crore during 2007-08 to 2013-14. Parking of funds in a low interest yielding savings bank account for periods ranging from one to six years instead of high interest yielding fixed deposit was imprudent as it resulted in potential loss of interest of ₹ 1.95 crore.

Thus, failure on the part of Empowered Committee to monitor the project resulted in non-commencement of the project which was intended to create a state-of-the-art centre for global competence in agriculture and allied activities even six years after its initiation. Further, the funds released by the Government for the purpose remained unutilised in low interest yielding savings bank account, leading to potential loss of interest of ₹ 1.95 crore.

Government replied (November 2014) that the project was delayed on account of land disputes. Further, it stated that it would take necessary action to refund the grant released. However, the reply is not acceptable as the Department had in its possession required extent of land for implementing the project.

DEPARTMENT OF KANNADA & CULTURE

4.9 Delay in completion of a project

The project 'Kalagrama' remained incomplete even after incurring an expenditure of ₹ 10.25 crore over the period 2000-2014. This resulted in non-achievement of objectives and rendered the expenditure already incurred unproductive.

With the objective of developing a cultural centre in Bengaluru, Government of Karnataka initiated the project 'Kalagrama' in the year 2000-01 to act as a focal point for bringing together craftsmen, artisans and performers in the State. The project was to provide enriching experience to tourists/visitors, by highlighting the cultural traditions of Karnataka.

The project was approved (August 2004) under the Government of India (GOI) scheme 'Assistance for large revenue generating projects'. The cost of the project was to be shared by the State and Central Governments in the ratio of 75:25.

The project comprised an Amphitheatre, Auditorium, Handicrafts Centre, Studios, Cottages, Museum, Information Centre, Library, Guest Rooms, Administration Block, Exhibition and Sales Centre, Food Court, Staff Quarters, Garden and Lake, Parking areas and other supporting facilities to be built at a cost of ₹ 20 crore on 10 acres⁴³ of land donated by the Bangalore University. The Department of Kannada and Culture commenced implementation of the project by entrusting the works to the Public Works Department. The project, targeted for completion by October 2006 was still in progress (March 2014) even after incurring an expenditure of ₹ 10.25 crore. Component-wise progress is given in **Appendix-4.9**.

It was seen that funds released for the project were grossly inadequate to complete it by October 2006. Against the estimated cost of ₹ 20 crore, funds released during 2001-14 aggregated only ₹ 10.51 crore (53 per cent). As a result, only two out of 14 components had been completed as of March 2014 and the project was at the risk of witnessing huge cost overruns due to the inordinate delay. The Government stated (May 2014) that the Department of Kannada and Culture had been conducting programmes by utilising the completed components. However, we observed that only 13 programmes had been conducted in eight years (one in 2006, three in 2010, two in 2012, three in 2013 and four in 2014). Further, joint inspection (October 2013) of the project showed the deteriorating condition of the components completed as shown in the following photographs.



In addition, the State Government made no efforts to obtain the approved contribution of ₹ Five crore from the GOI. Government stated (May 2014) that despite taking up the matter on several occasions, GOI did not release funds. However, we observed that no correspondence had been made with the Government of India since 2005.

⁴³ Out of 20 acres of land initially donated by Bangalore University in July 2001, 10 acres was set aside for setting up of Indira Gandhi Kala Kendra.

The State Government had constituted a Trust (September 2003) for the regular monitoring and periodic evaluation of the project. The Trust consisted of constitution of Board and Working Committee. However, the Committee which was to meet once a month had met only twice since its formation which evidenced poor monitoring.

Thus, inadequate release of funds by State Government, non-receipt of funds by GOI and poor monitoring by Working Committee not only resulted in partial completion (two components) of the project but also in non achievement of the intended objectives.

DEPARTMENT OF MEDICAL EDUCATION

4.10 Unproductive investment

Effluent Treatment Plant constructed by the Raichur Institute of Medical Sciences in its campus at a cost of ₹ 1.12 crore could not be used due to non-completion of its underground drainage system.

All components of a public work need to be dovetailed into an integrated programme for optimal utilisation of the infrastructure created and also to guard against unproductive and wasteful expenditure.

The Karnataka State Pollution Control Board (Board) had noticed (May 2008) that the Raichur Institute of Medical Sciences (Institute) with a hospital of 1,000 beds had not complied with the requirements of the pollution control laws. The Board, therefore, directed (May 2008) the Institute to construct and commission a liquid waste treatment plant by August 2008.

After issue of several show cause notices by the Board, the Institute requested (December 2009) the Government for issue of administrative approval for setting up of 600 kilo litre per day Effluent Treatment Plant (ETP) at a cost of ₹ 1.30 crore. The Government accorded sanction in February 2010.

The Institute invited (March 2010) tenders for the construction of ETP and entrusted (December 2010) the work to M/s Laras Environ Private Limited (Agency) at a negotiated cost of ₹ 1.17 crore. The scope of the work included supply, construction and commissioning of ETP by May 2011. The agency completed the work (November 2011) within the contract period and was paid ₹ 1.12 crore. The balance ₹ 0.05 crore was to be released after commissioning and handing over the ETP to the Institute. However, the agency while requesting for the balance payment stated (November 2011) that due to non-availability of underground drainage connection to the inlet of ETP, the plant could not be commissioned.

We observed that the initial project proposal for ETP did not include the component of underground drainage. Further, while the Institute requested for Government sanction for setting up of ETP in December 2009, it sought Government sanction for construction of underground drainage only in October 2011. The underground drainage work was entrusted to Karnataka Urban Water Supply and Sewerage Board and an amount of ₹ 0.65 crore was deposited (June 2012) to its account. The work which commenced in October 2013 remained incomplete (May 2014). As a result, the ETP, which had been completed earlier, remained idle.

Thus, Institute's failure in synchronising completion of the underground drainage work with ETP led to unproductive expenditure of ₹ 1.12 crore for more than three years and also defeating the very objective of keeping the environment clean.

The Government stated (November 2014) that the delay was due to tenders being called for second time as there was no response for the tenders called (March 2013) in the first instance in respect of underground drainage. The reply was not acceptable as it did not address the reason for not taking up the drainage work along with the ETP.

DEPARTMENT OF PRIMARY AND SECONDARY EDUCATION

4.11 Delay in implementation of the project resulted in locking up of Government funds and cost overrun

Incurring of expenditure to the tune of ₹ 89.52 crore towards procurement of UPS, LCD Projector and Mini MFD Printers even before setting up of site or procurement of computer resulted in locking up of Government funds. Besides, delay in the implementation of the ICT Phase III resulted in cost overrun of ₹ 60.56 crore apart from denying computer education to the students for five years.

The Department of State Educational Research and Training (DSERT) in continuation of Information and Communication Technology in School Education (ICT) - Phase I and II, a Government of India sponsored scheme, took up Phase III (Scheme) during 2008-09. Government of India had approved (August 2009) implementation of the scheme in 4,396 secondary schools (1,763 Government secondary schools and 2,633 Government aided secondary schools) at a cost of ₹ 426.68 crore (excluding site preparation).

Based on the decision of Government of Karnataka (February 2010) to entrust the implementation of the Scheme to M/s. Karnataka State Electronics Development Corporation Limited (KEONICS), DSERT requested (February 2010) KEONICS to quote their rates. Since KEONICS did not respond in spite of several reminders, DSERT decided (November 2010) to

procure Uninterrupted Power Supply (UPS) Batteries, LCD projector and Mini MFD Printers from DGS&D rate contract holders. Further, as per the directions of the Government, DSERT entrusted (July 2011) the implementation of the scheme to KEONICS (excluding the component of work already taken up) at a cost of ₹ 412.04 crore. Meanwhile the project cost was revised (July 2011) to ₹ 515.84 crore including site preparation. In this regard, audit observed the following:

- Even before the site was prepared and an agency to implement the scheme was identified, DSERT procured (from September 2010 to March 2011) Uninterrupted Power Supply Batteries, LCD projector and Mini MFD Printers in advance at a cost of ₹ 89.52 crore.
- The supply was accepted with the condition that the guarantee would be effective from the date of installation and on failure of any battery on account of delay in installation, the firms were to arrange to replace the same at their own cost. However, the life of the batteries was 90 days without charging. The condition of the batteries as on date *i.e.*, after 3 to 4 years was not known.
- A writ petition was filed against selection of KEONICS during implementation of the scheme.
- On disposal (March 2012 and August 2013) of the same, Government issued (January 2014) order after a delay of five months to implement the scheme.
- Expenditure incurred towards site preparation, networking and purchase of hardware components was ₹ 73.64 crore.

Thus, procurement of UPS batteries and also LCD Projectors and Mini MFD Printers much in advance of implementation of other components of the scheme resulted in locking up of Government funds to the tune of ₹ 89.52 crore. Besides, delay in fixing the implementing agency resulted in cost overrun of ₹ 60.56 crore and also denied computer education to the students for five years. The condition of the batteries at the time of installation is not known and is likely to involve extensive replacement due to lapse of time resulting in further delays. The project was still not implemented.

Government stated (August 2014) that in order to achieve the objectives of the project, the above mentioned items were procured in advance. It further stated that due to unavoidable reasons which were beyond the reach of the Department, the implementation of the project was delayed. Government also stated that all necessary steps were being taken to implement the project without any further delay.

The reply is not acceptable as incurring expenditure of ₹ 89.52 crore towards procurement of UPS, LCD Projector and Mini MFD Printers prior to setting up of site or procurement of computers indicated lack of planning by the Government.

DEPARTMENT OF REVENUE**4.12 Sub-division of Government land for which records did not exist**

Government land measuring 18 acres 20 guntas and valued at ₹ 22.20 crore was bifurcated from Survey No.49 of Anjanapura Village, Bengaluru South in favour of six persons. However, files relating to the bifurcation were not available with the jurisdictional revenue officer.

Section 109 of the Karnataka Land Revenue Act, 1964 permits division of survey numbers of land into sub-divisions from time to time in view of the lawful acquisition of rights or for any other purpose. Where Government land is granted under the Karnataka Land Grant Rules, 1969, such sub-divisions may be necessary.

The Government in Revenue Department issued (October 2002) instructions for bifurcating the survey number into sub-divisions in respect of Government lands granted to various persons where the original grant file was found missing. The detailed procedure prescribed for rebuilding the missing file before bifurcation is given in the **Appendix-4.10**.

We observed that 18 acres 20 guntas of Government land valued at ₹ 22.20 crore had been bifurcated between 2006-07 and 2008-09 from survey No.49 of Anjanapura village, Bengaluru South in favour of six persons and new survey numbers from 124 to 129 had been assigned to these sub-divisions. These bifurcations were done after the concerned land grant files had gone missing. However, the jurisdictional Tahsildar, Bengaluru South did not have the rebuilt files in these cases to justify the bifurcations. Instead, Tahsildar, Bengaluru stated (June 2014) that all the records of office had been indexed and catalogued and none of the files pertaining to bifurcation of survey number 49 were available in the records room.

No records in support of the bifurcations were also available in the office of Additional Director Land Records (Office of the Deputy Commissioner, Bengaluru) who was the jurisdictional officer till May 2005.

Thus, the bifurcation of the survey number 49 of Anjanapura Village which was valued at ₹ 22.20 crore had been done without evidently following the prescribed procedures and the possibility of creation of fake records through fraudulent means cannot be ruled out. The matter therefore calls for investigation by Government.

The matter was referred to Government in September 2014; reply was yet to be received (October 2014).

DEPARTMENT OF URBAN DEVELOPMENT

4.13 Excess payment of salary to Junior Engineers of Urban Local Bodies

Irregular promotion of Junior Engineers of Urban Local Bodies (ULBs) to the cadre of Assistant Engineer resulted in excess payment of ₹ 1.15 crore towards salary.

As per the Karnataka Municipalities [Absorption of the employees appointed under the scheme of Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) in ULBs] Rules 2005, the Department of Municipal Administration had absorbed (October 2005) several contract employees working under SJSRY in ULBs. The employees so absorbed in the post of Junior Engineers carrying a pay scale of ₹ 4,575-8,400 included 64 engineering graduates/diploma holders. Of these, Government promoted (November 2007) 25 Junior Engineers to the post of Assistant Engineers carrying the pay scale of ₹ 6,000-11,200 with retrospective effect from October 2005.

However, these promotions were irregular as the Karnataka Municipalities (Recruitment of Officers and Employees) Rules 2004 mandate that 75 per cent of the sanctioned strength of Assistant Engineers is to be filled by direct recruitment and the remaining 25 per cent by deputation from Department of Public Works or other Departments. Further, direct recruitment was to be done on the basis of competitive examination. The number of sanctioned posts in the cadre of Assistant Engineer was 44 (33 through direct recruitment and 11 through deputation).

Though there was no provision for filling up of the post of Assistant Engineer by promotion from the lower cadre of Junior Engineer, 25 Junior Engineers were promoted irregularly with retrospective effect from October 2005 with arrears of pay. Further, six of these newly promoted engineers started functioning as Assistant Engineers only during the period 2008-11 as there were no vacancies in the cadre of Assistant Engineer.

Thus, wrong action of the Government to promote Junior Engineers as Assistant Engineers resulted in excess payment of ₹ 1.15 crore by way of salary and allowances disbursed for the higher post from October 2005 to March 2014.

While admitting the audit observations, the Director (August 2014) stated that a proposal for recovery of excess payment of ₹ 1.15 crore by way of salary and allowances has been forwarded to Government for its approval. Audit however observed that no responsibility has been fixed for irregular promotions.

The matter was referred to Government in July 2014; reply was yet to be received (October 2014).

4.14 Avoidable excess payment to contractors

The Karnataka Urban Water Supply and Drainage Board irregularly adopted an inappropriate price index to regulate price adjustment for steel and other components of work other than specified materials resulting in avoidable excess payment of ₹ 1.40 crore to the contractors.

The Karnataka Urban Water Supply and Drainage Board (Board) implements several water supply schemes in the urban areas of the State. The contracts for water supply schemes entered into by the Board include a price adjustment clause⁴⁴ to regulate the price adjustment on account of changes in cost during the execution of these schemes. The Government had also issued (November 2004) guidelines for regulating price adjustment.

Audit scrutiny (June 2014) of the records of the Board showed that the Board had overlooked the guidelines in two schemes while regulating the price adjustment, resulting in avoidable excess payment of ₹ 1.40 crore. The details are as under:

(i) Remodeling of water supply distribution network to Mysuru city

Mild steel (MS) pipes are used by the Board for water transmission in the water supply schemes. The Government had prescribed (November 2004) adoption of price index relevant to the raw materials while regulating price adjustment. The Finance Department (FD) had further clarified (October 2010) to the Board that price adjustment for fluctuations in price of steel used in water supply schemes was to be regulated by adopting wholesale price index of the sub-group “Steel : Pipes and Tubes”, as published by the Reserve Bank of India. We, however, observed that despite FD’s clarification, the Board had adopted the wholesale price index of the sub-group “Steel Flats” while regulating the price adjustment of steel in the case of work of remodeling of water supply distribution network to Mysuru city under JNNURM, resulting in excess payment of ₹ 89 lakh as shown in **Table-4.10** below:

Table-4.10: Excess payment due to irregular price adjustment of steel

(₹ in crore)				
Package	Contract Amount	Price adjustment amount paid	Price adjustment amount payable	Excess amount paid
Package I	53.11	0.64	0.09	0.55
Package II	28.55	0.37	0.03	0.34
Total	81.66	1.01	0.12	0.89

⁴⁴ In respect of works where the estimated cost put to tender is ₹ 0.50 crore or above and the period of completion is more than 12 months in terms of Government order of November 2008.

(ii) Water supply scheme to Vijayapura city

The Government had also prescribed (November 2008) adoption of star rates⁴⁵ for only certain specified materials (cement, steel and bitumen) on the basis of the All India average wholesale price index in respect of works costing more than ₹ 50 lakh and period of execution being more than six months but less than or equal to 12 months. However, we observed that the Board disregarded the Government instruction and provided price adjustment for all the components of work instead of allowing star rate only for the specified materials, in respect of water supply scheme to Bijapur city. The period of completion of the work stipulated in the contract was only 12 months. Such incorrect regulation of price adjustment resulted in excess payment of ₹ 51 lakh as detailed in the **Table-4.11** below:

Table-4.11: Excess payment due to incorrect adoption of star rates

(₹ in lakh)

Name of the component of work	Price adjustment provided
Labour	32
Fuel and Lubricant	05
Plant and Machinery	01
Other Materials	13
Total	51

The matter was referred to Government in August 2014; reply was yet to be received (October 2014).

4.15 Delay in finalising tender procedure leading to avoidable extra expenditure

Failure of the Bangalore Development Authority in finalising the tender within the validity period resulted in re-tendering and extra cost of ₹ 1.98 crore.

The Bangalore Development Authority (Authority) invited (January 2012) tenders (two bid system) for nine packages to provide metalling and asphaltting of roads in Sir M. Vishweshwaraiah Layout at an estimated cost of ₹ 12.97 crore based on Schedule of Rates of 2009-10. The validity period of the tender was 90 days from the last date for receipt of tenders (27 January 2012).

The Tender Scrutiny Committee opened the technical bids on 1 February 2012 and finalised their recommendations after a delay of two months (5 April 2012). As per the recommendations, only four tenderers were qualified. Subsequently, the financial bids of all the qualified tenderers were opened on 15 April 2012. A single contractor had quoted the lowest offer for all the nine packages, and the Authority approved (16 July 2012) the award of

⁴⁵ Star Rates are used to price work where the unit rates in the contract cannot fairly represent the work done exactly.

contracts to the lowest tenderer after the expiry of the validity (delay of 80 days).

The contractor did not agree to take up the work and expressed his unwillingness (September 2012) to extend the validity period for the above work. The work in all the nine packages was, therefore, re-tendered (November 2012) and awarded (February 2013) by Commissioner without the approval of the Authority to the successful tenderers. It was seen that the cost of work awarded in respect of all the nine packages was higher than the initial offer received.

Thus, inordinate delay (six months) in finalising the tenders by the Executive Engineer and tender scrutiny committee members resulted in non-availment of the competitive offers received. Since, re-tendering fetched higher bids, it resulted in extra cost of ₹ 1.98 crore as shown in **Table-4.12** which was avoidable.

Table-4.12: Avoidable extra cost due to delay in re-tendering

Details of package	Estimated cost of original tender	Cost of work as per		Difference
		Original tender	Re-tender	
136	138.64	129.15	163.60	34.45
137	163.49	129.45	156.15	26.70
138	145.13	142.04	163.50	21.46
139	146.80	141.54	165.99	24.45
141	137.72	134.18	147.94	13.76
144	127.96	122.89	137.02	14.13
157	150.24	139.76	161.90	22.14
169	145.07	143.63	164.91	21.28
170	141.53	137.60	157.60	20.00
Total	1,296.58	1,220.24	1,418.61	198.37

The Authority in its reply (August 2014) stated that on re-tendering the work, the rates quoted by the lowest bidders were below the Schedule of Rate of 2012-13 and hence there was no loss. The reply is not correct because due to delay in finalising the initial tender called for, the Authority had to re-tender and finalise the bid amount based on the schedule of rates of 2012-13 which resulted in extra expenditure of ₹ 1.98 crore (paid between May 2013 and December 2013) to the Authority.

The matter was referred to Government in July 2014; reply was yet to be received (October 2014).

4.16 Loss of revenue due to poor estate management

Failure of the Bangalore Water Supply and Sewerage Board to renew the expired lease agreements of its tenants and non-revision of rent resulted in loss of ₹ 2.03 crore.

The Bangalore Water Supply and Sewerage Board (Board) had let out surplus office space available in the Administrative Block of its office on K.G.Road,

Bengaluru to nine organisations including banks, State Government Departments and private organisations. The Board had entered into individual agreement with each organisation fixing the rent payable and setting out the terms and conditions of occupation. The details are indicated in **Table-4.13** below:

Table-4.13: Details of let out space by the Board

Name of the tenant	Date of agreement	Expiry date of agreement	Area in square feet	Rent/square feet (₹)
Karnataka Contractor Sahakara Bank Niyamita	01-12-2003	30-11-2006	1,445.00	13.83
Coffee House	03-01-2003	02-1-2008	150.00	6.66
State Bank of Mysuru	01-12-2003	30-11-2006	2,244.90	13.68
Karnataka Gazetteer	01-12-2003	30-11-2006	3,534.00	15.00
Unit Trust of India	13-06-2003	12-06-2012	1,125.00	18.00
Housing Development Finance Corporation	03-05-2002	02-05-2011	1,751.50	18.00
Drought Monitoring Cell	01-12-2000	30-11-2003	3,439.00	16.00
State Accounts Department	31-10-1989	NA	6,062.00	15.00
DVBV Consultant	01-08-2006	NA	800.45	19.50

The agreements had been entered into during May 2002 and January 2006 for lease periods ranging from three to nine years which included a provision for increasing the lease rentals. We observed that though the lease period had expired in all the cases, the Board allowed the occupants without renewing the lease agreements. Further, it was observed that Karnataka Housing Board, located adjacent to the Board, had fixed (May 2005) a rent of ₹ 25 per sq ft for their office space let out with retrospective effect from April 2003. Evidently, the properties let out by the Board also had the same rental potential. However, the Board continued to collect rent at the rates ranging between ₹ 7 to ₹ 19.50 per sq ft. Non-execution of fresh agreements and non-revision of rent⁴⁶ resulted in loss of ₹ 2.03 crore to the Board.

Thus, the Board lost ₹ 2.03 crore due to failure to renew the lease agreements with the tenants from time to time.

The Government in its reply (August 2014) while agreeing to the fact that they had not renewed the rental agreements stated that they are taking measures to enter into fresh agreements with the tenants after ascertaining the rate of rent prevailing in the area.

⁴⁶ Comparing the rates fixed by KHB from May 2005 to May 2014

4.17 Excess payment of salary to Officers of Bangalore Development Authority

Irregular appointment of Officers by Bangalore Development Authority in excess of sanctioned strength in various cadres resulted in excess payment of ₹ 3.56 crore.

The Bangalore Development Authority (BDA) (Cadre and Recruitment and Conditions of Service) (Amendment) Regulations, 2004 (Regulations) specified the sanctioned strength and method of recruitment in respect of the posts borne on the establishment of the BDA. Further, Section 49 of the Bangalore Development Authority Act, 1976 requires the Authority to prepare and submit for the sanction of Government a schedule of staff of officers/officials along with salaries, fees and allowances and no alterations to the schedule are to be made without the sanction of the Government.

We observed during audit that without approval of the Government, the BDA had engaged 45 Officers in the cadre of Engineer Officer, Executive Engineer, Assistant Executive Engineer and Assistant Engineer in excess of sanctioned strength.

The method of appointment/engagement for each cadre, the sanctioned strength and men-in-position as of 31 March 2014 are shown in **Table 4.14** below:

Table-4.14: Sanctioned strength and men-in-position

Cadre	Method of Recruitment	Sanctioned strength	Working strength		Excess staff	Period ranged from
			Appointment/Promotion	Deputation		
Engineer Officer	By deputation from Public Works Department of State Government	02	-	05	03	July 2011 to January 2013
Executive Engineer	Four posts by deputation and two posts through promotion of Assistant Executive Engineer	06	-	13	07	July 2009 to September 2013
Assistant Executive Engineer	75 per cent by deputation from Public Works Department and 25 per cent by promotion of Assistant/Junior Engineers	29	03	40	14	June 2011 to December 2013
Assistant Engineer	70 per cent by deputation from Public Works Department, 10 per cent by promotion of Junior Engineer and 20 per cent by direct recruitment	45	01	65	21	May 2010 to October 2013

BDA not only violated the Regulations in filling-up the posts under these four cadres but appointed staff in excess of the sanctioned strength without the sanction of Government in disregard of the provisions of BDA Act, 1976.

Thus, the irregular appointment of 45 officers resulted in unauthorised expenditure of ₹ 3.56 crore on salaries.

BDA replied (September 2014) that temporary posts were created in order to regulate and monitor the infrastructure works undertaken by them. The reply of BDA was not correct as apart from existing staff, consultants were engaged by BDA to provide technical expertise and monitor execution of infrastructure works. Moreover, the temporary posts were created without the approval of the Government. Further, BDA did not bring this to the notice of the Government till date *i.e.*, even four years after creation.

The matter was referred to Government in September 2014; reply was yet to be received (October 2014).

4.18 Compensation to persons who did not establish title to acquired land

Bangalore Development Authority awarded compensation of ₹ 2.42 crore to 10 land owners of Survey No.49 of Anjanapura Township. However, at the time of payment of compensation, documents necessary to ensure that compensation was disbursed to legally entitled persons had not been obtained.

Section 94 A and 94 B of Karnataka Land Revenue (KLR) Act, 1964 read with Rule 108CC of Karnataka Land Revenue Rules, 1966 permit grant of Government land to eligible persons. The Deputy Commissioner is empowered to grant land subject to such terms and conditions as may be agreed upon with the grantee. On the basis of the order granting land, the name of the grantee is entered in the revenue records as per Section 128 of KLR Act, 1964 and a Grant Certificate/Saguvali chit is issued to the grantee. Further, under Rule 64 of KLR Rules, 1966, Tahsildar is responsible for necessary mutation entries in the revenue records which are updated thereafter in the Record of Rights, Tenancy and Crops as per Rule 70 of KLR Rules, 1966.

Bangalore Development Authority (Authority) had issued (28 August 2000) preliminary notification for acquiring 459 acres 24 guntas of land located in the Bengaluru South Taluk for establishing the Anjanapura Township. The land included 69 acres 2 guntas in Survey No. 49 of Anjanapura village classified as Government Gomala land⁴⁷. Out of the said 69 acres 2 guntas, the Authority had acquired 34 acres 26 guntas of land after setting aside 10 acres of land to be handed over to NICE Limited for formation of Express Highway to Mysuru. The Authority had made payment of ₹2.42 crore (between September 2002 and December 2002) to 10 grantees towards compensation.

⁴⁷ Land earmarked for grazing purposes

Our scrutiny showed that the Special Land Acquisition Officer of the Authority while issuing award notice under Section 12(2) of the Karnataka Land Acquisition Act, 1894 had requested the grantees to furnish the documents listed in **Appendix-4.11** appended to the notice to facilitate payment of compensation. The documents, *inter alia*, included succession certificate, certificate of pendency of land disputes, if any, no objection certificate from banks for the loans, if any, availed of by the grantee *etc.*

We observed from the file notings that the Authority had repeatedly requested (November 2000 and April 2002) the Revenue Department to confirm the grant of land to the ten grantees and furnish relevant supporting documents. In the absence of response from the Revenue Department, decision was taken by the Authority to pay compensation to the claimants on the basis of available revenue records submitted by them. However, the revenue records submitted to the Authority by the claimants did not include the original grant certificate. Further, the copies of the letters stated to have been addressed to Revenue Department were available neither on the files of the Authority nor in the Revenue Department. Hence, in the absence of confirmation by the Revenue Department about the grant of land and the requisite documents to establish the claimants' land title, payment of compensation had been evidently made to persons who did not have all the requisite documents.

Audit also examined the authenticity of the payment of compensation by reviewing revenue records maintained by the Tahsildar, Bengaluru South. It was seen that none of the persons who had received compensation could be traced to either the Grant Register or Mutation Register (**Appendix-4.12**). Further, verification of the Mutation Register showed that 52 acres 20 guntas of land in Survey No.49 had been sold/bought/pledged by various persons who were not original grantees.

Thus, compensation of ₹ 2.42 crore had been disbursed by the Authority to persons without verifying all the requisite documents.

The matter was referred to Government in September 2014; reply was yet to be received (October 2014).

4.19 Unproductive investment in commercial complex

Even five years after its completion, the built up office space at Banashankari II Stage, Bengaluru at a cost of ₹ 2.81 crore remained largely un-allotted, rendering the expenditure incurred unproductive.

Citing heavy demand for commercial space in Banashankari, Bengaluru, Executive Engineer, South Division of Bangalore Development Authority (Authority) submitted a proposal (April 2007) for construction of the second floor on the existing shopping complex at Banashankari II Stage, Bengaluru. On receipt of administrative approval (April 2007) from the Commissioner of the Authority, the work was tendered (April 2007) and entrusted

(October 2007) to a contractor at a cost of ₹ 2.66 crore. The work was completed (March 2009) at a total cost of ₹ 2.81 crore.

The second floor of the complex consisted of six blocks with a carpet area of 1,670.31 sq mtr and the Authority had allotted (May 2009) Block 'A' measuring 333.26 sq mtr to Department of Excise at ₹ 203.05 per sq mtr. In order to rent out the remaining blocks (except block C and D), the Authority issued (December 2009) tender-cum-auction notice fixing the minimum allotment price at ₹ 200 per sq mtr. In response, the Authority received bids ranging between ₹ 322 per sq mtr and ₹ 448 per sq mtr. However, the tender process was cancelled (September 2010) by the Authority after forfeiting the earnest money deposit of the successful bidders as the bidders did not execute the rental agreements.

It was seen that no efforts were made by the Authority subsequently to allot the vacant blocks. As a result, the second floor constructed at a cost of ₹ 2.81 crore remained largely unutilised even five years after its completion. Notional loss by way of rent worked out on the basis of rent fixed by the Authority for Block A worked out to ₹ 1.63 crore.

The Authority replied (August 2014) that floor area measuring 745.48 sq mtr was occupied and the balance floor area measuring 924.93 sq mtr was proposed to be utilised by the various sections of Authority themselves. On joint inspection (November 2014), it was observed that except for Excise Department occupying 333.26 sq.mtr, rest of the floor area was occupied by the Authority themselves. It was stated that due to absence of lift facilities, there was no demand for the second floor.

Thus, despite construction of the second floor of complex by the Authority on grounds of heavy demand for commercial space, the Authority had to occupy 80 *per cent* of the floor area themselves. Hence, failure by the Authority to take action to rent out the unoccupied space rendered the investment unproductive.

The matter was referred to Government in July 2014; reply was yet to be received (October 2014).

4.20 Non-revision of water rates for commercial/industrial connections

Karnataka Urban Water Supply and Drainage Board continued to provide water supply at pre-revised rates to industrial organisations inspite of the State Government revising the water tariff in July 2011. This resulted in loss of revenue of ₹ 17.06 crore in respect of water supplied to three industries.

The Karnataka Urban Water Supply and Drainage Board (Board) supplies water to all the urban areas of the State except Bengaluru city for domestic,

non-domestic and commercial/industrial purposes. Under Section 28B (2) of Karnataka Water Supply and Drainage Board (KUWS&DB) Act, 1973, water supply for commercial/ industrial purposes is supplied on such terms and conditions as agreed upon with the consumers. Section 31A of the KUWS&DB Act, 1973 empowers the Board to levy rates on supply of water and revise such rates from time to time to generate sufficient revenue to cover operating expenses, taxes, interest payments, maintenance, depreciation *etc.*, to make repayment of loans and to finance improvements.

As overheads on maintenance of potable water supply such as salary of the maintenance staff, power charges, cost of chemicals, repair charges, *etc.*, had increased exorbitantly, Government revised the water tariff in July 2011. The revised rates for commercial/industrial purpose were as detailed in **Table-4.15** below:

Table-4.15: Revised rates for water supply for commercial/industrial purpose

Consumption of water in kilolitre (KL)		Consumption charges (₹/KL)
Minimum	Maximum	
0	8	28.00
8	15	36.00
15	25	44.00
25 and above		52.00

While revising the rates, the Government had prescribed that the rates were required to be reviewed and adopted once in three years based on electricity tariff.

Scrutiny of records relating to three organisations that had entered into agreements with the Board for supply of water for industrial use showed the following:

- Though the agreements were valid only for a predetermined period, the Board had failed to renew the agreements with the organisations after their expiry.
- As per the terms of the agreements, the Board could review the rates of water supply in case of increase in power tariff, establishment charges or raw material charges. Even though the State Government had revised the water tariff in July 2011, the Board had continued to supply water at the pre-revised lower rates entered in the agreement.

The loss of revenue in three test-checked cases are as detailed in **Table-4.16** below:

Table-4.16: Details of loss of revenue in test-checked cases

Name of the commercial / industrial establishment	Period of agreement & quantity of water supply as per agreement	Rate of water supply (₹/KL)	Amount paid for the period from July 2011 to October 2013 at the agreement rate	Amount as per the Government order dated July 2011	Loss of revenue
			(₹ in crore)		
M/s. Senapathy Whiteley Private Limited, Ramanagara	12.09.2008 for five years 1 MLD/month	18.00	0.90	2.61	1.71
M/s. Solaris Chemtech Limited, Karwar	27.10.2004 for three years 66,000 KL/month	18.40	2.27	6.43	4.16
M/s. Hindustan Aluminium Company Limited, Belagavi	Yet to enter into an agreement	23.20	9.09	20.28	11.19
Total			12.26	29.32	17.06

Thus, failure of the Board to recover the water rates as per the revised rates resulted in loss of revenue of ₹ 17.06 crore.

The matter was referred to Government in July 2014; reply was yet to be received (October 2014).

**DEPARTMENT OF REVENUE &
DEPARTMENT OF URBAN DEVELOPMENT**

4.21 Irregular allotment of land to Indian Institute for Human Settlements

Government allotted 54 acres 20 guntas of land to Indian Institute for Human Settlements at a concessional rate disregarding the provisions of various Acts and Rules. This irregular allotment resulted in undue benefit of ₹ 30.98 crore to the Institute.

Provisions for granting land under Karnataka Land Grant Rules, 1969 (KLGR) and Bangalore Development Authority Act, 1976 (Act) are as follows:

Rule 10(2) of KLGR	No land within the municipal limits of the city of Bengaluru and in any village situated within the radius of 16 kilometers from the municipal limits of the city of Bengaluru shall be granted for agricultural purpose and for non-agricultural purposes without the approval of State Government.
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Rule 21 of KLGR	While fixing the price of land to be granted by the Government to religious and charitable institutions for non-agricultural purposes, no concession in the price of land should be given except in the case of those which do not collect any fee or service charges. Further, such institutions are granted land at 50 per cent of the market value or guidance value, whichever is higher.
Rule 27 of KLGR	If the State Government is of the opinion that if it is just and reasonable to relax any of the provisions of the KLGR, it may, by order, direct such relaxation, recording the reasons for such relaxation and thereupon, subject to such conditions as may be specified, land may be granted in accordance with such direction.
Sec 38 (B) of Act	The Bangalore Development Authority, subject to any restriction, condition and limitation as may be prescribed, may make bulk allotment by way of sale, lease or otherwise of any land which belongs to it or acquired by it for the purpose of any development scheme to a trust created wholly for charitable, educational or religious purpose with the prior approval of Government.
Rule 3 of the Bangalore Development Authority (Bulk Allotment) Rules, 1995	Due publicity in respect of land offered for bulk allotment specifying all particulars considered necessary is to be given by affixing a notice on notice board of the Office and by publishing in at least two daily newspapers. It also stipulates that the value of the land so offered is to be fixed having regard to the prevailing market value.

The Indian Institute for Human Settlements (Institute), a company incorporated under Section 25 of the Companies Act, 1956 with the stated objective of providing education and training, undertaking research and consultancy, requested (November 2009) the State Government for allotment of 50 acres of land. The Institute was allotted 54 acres 20 guntas of land as shown in **Table-4.17**.

Table-4.17: Allotment of land to the Institute

Allotment date	Area of land in Acres and Guntas	Allotted by	Remarks
June 2010	07-07	Department of Revenue (Department)	Government Kharab land converted – Survey Number. 180 Block 13, Bheemanakuppe, Kengeri Hobli.
January 2013	47-13	Bangalore Development Authority (Authority)	Land at Survey Number 2 of Bheemanakuppe Ramasagara, Survey Numbers 198, 199, 200 and 180 at Bheemanakuppe

Department of Revenue while approving grant of 07-07 acre of land to the Institute at 50 *per cent* of guidance value by invoking Rule 27 of KLGR, 1969 and relaxing Rule 10(2) of KLGR, 1969 did not state the reasons as to why it found it just and reasonable to grant land at a concessional price to the Institute which was neither religious nor charitable and was collecting fees. The market value and guidance value of the land was ₹ 60 lakh and ₹ 40 lakh per acre respectively. Instead of granting the land at market price which was higher, the Department granted the land at 50 *per cent* of the guidance value and the Institute remitted ₹ 1.43 crore in June 2010. This resulted in loss of ₹ 2.87 crore⁴⁸.

In addition, based on the State Government's directions (December 2009), the Authority allotted (January 2013) 47 acres 13 guntas of land in Bheemanakuppe-Ramasagara and Bheemanakuppe to the Institute. The Authority sought (August 2012) Government's approval for recovering 100 *per cent* of land cost (₹ 80 lakh per acre) and 50 *per cent* of development cost (₹ 160 lakh/acre) from the Institute as it would avail of all the benefits from the infrastructure provided to the layout surrounding the allotted land. However, Government decided (November 2012) to allot 46 acres 18 guntas of land at a cost of ₹ 99.46 lakh/acre assuming that the Institute would reserve 50 *per cent* of seats to local students and would create employment in the State. Subsequently, the Institute remitted (May 2013) ₹ 47.07 crore to the Authority and executed the sale deed (October 2013).

We observed that the Authority while allotting the land to the Institute under Section 38B of the Act had violated the existing norms prescribed both under the Act as well Rules as detailed below:

- At the time of allotment of land, the Institute did not fall into any of the categories listed under Section 38B.
- Land was allotted on request without publishing in newspapers.
- The said allotted land was not reserved for the purpose of bulk allotment.
- The cost of the land was not fixed with regard to prevailing market price.

Though the Authority had recommended allotment of land at a cost of ₹ 160 lakh/acre, the Government by reducing the cost to ₹ 99.46 lakh per acre extended unauthorised benefit of ₹ 28.11 crore to the Institute.

Thus, land measuring 54 acre and 20 guntas had been allotted to an Institution at a concessional rate irregularly, in disregard of the provisions of applicable Act/Rules. This resulted in undue benefit of ₹ 30.98 crore to the Institute/Trust.

⁴⁸ Market value = ₹ 60 lakh per acre, land granted at ₹ 20 lakh per acre (50 *per cent* of guidance value of ₹ 40 lakh per acre). Loss = ₹ 40 lakh x 7 acres & 7 guntas = ₹ 2.87 crore

The Authority replied (August 2014) that as no developmental works were being taken up inside the IHS campus, the said land was allotted on concessional rate. However, the reply is not acceptable as the Institute set up on the land was collecting fees from the students /participants and hence was ineligible.

The matter was referred to Government in June 2014; reply was yet to be received (October 2014).



BENGALURU
THE 23 FEB 2015

(SUBHASHINI SRINIVASAN)
Principal Accountant General
(General & Social Sector Audit)

COUNTERSIGNED



NEW DELHI
THE 25 FEB 2015

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

Appendix-1.1
(Reference: Paragraph-1.7.1, Page-9)
Year-wise breakup of Inspection Reports and
Paragraphs outstanding in respect of Revenue Department
(up to 31 March 2014)

Year	Number of IRs	Number of paras
Upto 2004-05	82	107
2005-06	20	25
2006-07	17	27
2007-08	28	67
2008-09	28	83
2009-10	69	378
2010-11	57	424
2011-12	64	563
2012-13	45	701
2013-14	1	1
Total	411	2,376

Appendix-1.2
(Reference: Paragraph-1.7.3, Page-10)
Details of Departmental Notes pending as of 31.10.2014
(Excluding General and Statistical Paragraphs)

Sl. No.	Department	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	Total
1	Animal Husbandry & Veterinary Services	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	-	01	02
2	Education	-	-	-	-	-	-	-	-	-	-	01	-	03	-	-	-	03	07
3	e-governance																	01	01
4	Finance	-	-	-	-	01	-	-	-	-	-	01	-	01	01	-	-	-	04
5	Health & Family Welfare	-	-	-	01	-	-	-	-	-	-	-	-	-	-	-	-	-	01
6	Home	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	--
7	Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	01	02
8	Information, Tourism, Kannada & Culture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	-	01
9	Labour	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	01	02
10	Public Works	-	-	-	-	-	-	01	-	-	-	-	-	-	-	-	-	-	01
11	Revenue	-	01	-	-	-	-	-	-	-	01	-	-	01	-	-	04	04	11
12	Social Welfare	-	01	01	-	-	-	-	-	-	-	-	-	-	-	-	-	02	04
13	Urban Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	09	09
14	Youth Services and Sports	-	-	-	01	-	-	-	-	-	-	-	-	-	-	-	-	-	01
15	Agriculture, Forest, Home & Transport	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01
Total		01	02	01	02	01	-	01	-	-	01	02	-	05	02	02	05	22	47

Appendix-1.3
(Reference: Paragraph-1.7.4, Page 10)

Paragraphs (excluding General and Statistical) yet to be discussed by PAC as of 31 October 2014

Sl. No	Department	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	Total
1.	Agriculture	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1	04
2.	Animal Husbandry and Veterinary Services	-	-	-	-	-	3	1	1	2	-	-	-	1	-	-	-	-	1	-	1	-	10
3.	Education	2	1	4	5	1	-	1	2	2	1	1	1	-	2	2	1	3	2	-	-	3	34
4.	e-governance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	01
5.	Finance	-	-	-	-	-	-	-	-	1	-	-	-	-	1	1	1	1	1	1	1	-	08
6.	Health and Family Welfare	3	-	1	4	4	1	2	2	1	-	-	-	-	-	-	-	1	-	-	1	-	20
7.	Home	-	2	2	-	2	-	-	2	-	2	-	-	-	-	-	-	-	-	-	2	-	14
8.	Horticulture	-	-	-	-	1	1	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	03
9.	Housing	-	-	-	2	-	-	-	-	-	-	-	-	1	1	1	-	-	-	1	-	2	08
10.	Information, Tourism, Kannada and Culture	-	-	-	-	-	-	3	1	-	-	-	-	1	-	-	-	-	-	1	-	-	06
11.	Labour	-	-	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1	-	-	1	1	06
12.	Legislature Secretariat	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	01
13.	Revenue	-	-	-	1	1	1	-	1	-	-	-	-	1	1	-	-	1	-	-	4	4	15
14.	Social Welfare	-	-	-	2	-	3	3	1	1	-	-	-	-	-	1	-	-	-	-	-	2	13
15.	Urban Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	4	10	9	25
16.	Women & Child Development	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	02
17.	Youth Services and Sports	-	-	-	-	-	2	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	04
18.	Agriculture, Forest, Home & Transport	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01
19.	H&FW, PWD, & RDPR	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	01
20.	Forest, Ecology & Environment, Urban Development and H&FW	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	01
Total		5	3	7	14	13	11	10	13	7	4	3	2	4	6	7	4	7	5	9	18	25	177

Appendix 2.1

(Reference: Paragraph-2.1.8.8, Page-24)

Extent of improvements made to 31 slums inspected

Infrastructure	Status of availability in improved slums		
	Number (percentage)	Number (percentage)	Number (percentage)
Housing (100%/50-100%/0-50%)	6 (19)	5 (16)	17(55)+3@(10)
Toilets (Individual/Community/No)	11(36)+2*(6)	10(32)+1^(3)	7 (23)
Water supply (Individual/Common/No)	3(10)	23(74)+5(16)	0
Frequency of water supply (Daily/2-5 days/Above 5 days)	8(26)	12(39)	11(35)
Roads (CC or Asphalted)/Mixed/Kutchha or No)	25(81)	5(16)	1(3)
Storm water drains (Yes/Partial/No)	21(68)	9(29)	1(3)
Underground Drainage System (Yes/Partial/No)	16(52)	1(3)	14(45)
Electricity (Yes/Partial/No)	30(97)	0	1(3)

(Source: Informaton obtained through joint inspection of slums)

@ in three slums, no housing activity was taken up

* in two slums, few of the slum dwellers had constructed toilets on their own

^ in one slum, few of the dwellers had constructed toilets on their own.

Appendix-2.2

(Reference: Paragraph-2.2.5, Page-32)

Statement showing list of selected works for performance review under GBWASP and CWSS Stage IV Phase II

SI No.	Package no	Name of the work	Estimated cost	Awarded cost	Date of commencement	Date of completion
			(₹ in crore)			
CWSS STAGE IV PHASE II						
1	W1	Raw water transmission system	168.53	225.32	23-2-2010	28-02-2012
2	W2	Construction, operation and maintenance of water treatment plant at T K Hally	196.16	236.03	12-10-2009	12-09-2011
3	W3	Civil and electromechanical works for pumping stations at J K Doddi, Harohalli and Tataguni	265.5	448.35	04-05-2010	15-03-2014
4	W4a,b,c	Supply of mild steel plates for fabrication of pipes for clear water transmission lines	314.28	363.18	20-02-2009	19-02-2010
5	W5a	Fabrication and laying of clear water transmission line from T K Hally to J K Doddi	111.23	161.19	12-01-2009	14-12-2013
6	W5b	Fabrication and laying of clear water transmission line from Harohally	130.64	188.56	13-01-2009	06-01-2013
7	W5c	Fabrication and laying of clear water transmission line from Harohally to Tataguni	141.1	203.07	14-01-2009	15-12-2014
8	W5d	Procurement, fabrication and laying of clear water mains from Gubbalala to GKVK on the west of Bengaluru	259.3	363.77	12-01-2009	30-01-2012
9	W5e	Procurement, fabrication and laying of clear water mains from Gubbalala to HBR on the east of Bengaluru	221.5	309.46	12-01-2009	29-01-2012
10	W6a	Civil and electromechanical works for reservoirs at J S Gudda, B Narayanapura and Uttarahalli	46.19	64.41	12-07-2009	02-08-2012
11	W6b	Civil and electromechanical works for reservoirs at GKVK, central jail, OMBR and Hoodi	63.57	80.65	12-07-2009	02-08-2012
12	D1a	Improvements to water distribution system, reduction in UFW & leakage control central division	155.31	184.33	29-11-2013	Under progress
13	D2a	Improvements to water distribution system, reduction in UFW & leakage control west division	294.12	316.79	11-07-2013	Under progress
14	MIS-2	Scada integration phase-II with existing works	10.14	9.36	11-07-2013	Under progress

SI No.	Package no	Name of the work	Estimated cost	Awarded cost	Date of commencement	Date of completion
			(₹ in crore)			
GBWASP						
1		Work of providing water supply facilities to Dasarahalli CMC	46.49	45.90	04-07-2005	30-6-2008
2	9a	Work of feeder main facilities to K R Puram and Mahadevapura CMC	27.5	30.24	04-11-2007	31-10-2013
3		Work of providing water supply facilities to K R Puram CMC	26.99	27.39	04-07-2005	30-6-2008
4		Work of providing water supply distribution network to uncovered areas under phase-I Mahadevapura CMC	23.00	23.47	10-06-2006	31-12-2013
5		Work of providing water supply distribution network to uncovered areas under Phase-I Bytrayanapura CMC	26.68	26.95	10-06-2006	31-12-2009
6		Work of providing water supply facilities to Mahadevapura CMC	21.66	21.10	04-07-2005	31-03-2009
7		Work of providing water supply facilities to R R Nagar CMC	19.73	19.36	04-07-2005	30-8-2008
8		Work of providing water supply facilities to Yelahanka CMC	11.26	11.24	04-07-2005	30-9-2007
9		Work of providing water supply facilities to Kengeri TMC	4.16	4.03	04-07-2005	30-6-2008

Appendix-2.3
(Reference: Paragraph-2.2.8.3(a), Page-41)
Statement showing avoidable expenditure due to adoption of manual means rate for earth excavation instead of mechanical means
(Amount in ₹)

Package/ work	Quantity of executed earth excavation as per RA bills (in cum)	Amount paid adopting manual means rate	Amount payable if mechanical means adopted	Difference avoidable expenditure
W1	2,30,932.10	2,54,11,393	1,01,43,908	1,52,67,485
W2	33,373.36	56,96,007	10,22,717	46,73,290
W3	1,86,659.00	2,33,81,842	59,87,708	1,73,94,134
W5a	2,88,900.90	3,83,21,814	1,13,00,198	2,70,21,616
W5b	2,97,648.15	6,88,67,964	1,21,58,816	5,67,09,148
W5c	3,72,531.26	3,70,44,894	1,51,49,272	2,18,95,622
W5d	3,79,876.90	8,86,87,129	1,40,22,427	7,46,64,702
W5e	3,61,761.22	6,54,91,114	1,20,99,510	5,33,91,604
W6a	41,937.63	1,21,72,305	17,50,993	1,04,21,312
W6b	1,34,637.00	2,66,86,082	51,15,023	2,15,71,059
TOTAL	23,28,257.52	39,17,60,544	8,87,50,572	30,30,09,972

Appendix-2.4
(Reference: Paragraph-2.2.8.3(a), Page-43)
Statement showing boosting of estimates due to non adoption of board SR rates

Pipe dia in mm	KR Puram (Length in Rmt)	Bommanahalli (Length in Rmt)	Mahadevpura (length in Rmt)	Kenger (length in Rmt)	Yelhanka (Length in Rmt)	R R Nagar (length in Rmt)	Dasarhalli (Length in Rmt)	Byatara yanapura (length in Rmt)	Total length in Rmt	Cost of pipe per Rmt adopted in the estimate	Total cost as per estimate	Cost of Pipe per Rmt	Total cost as per SR	Difference in ₹
PHASE-I (As per SR 2003-04)														
100	236363	271167	81989	13996	64474	95422	463637	130691	1357739	527	715528453	482.99	655774359.6	59754093.39
150	17123	54010	15610	825	8367	14270	70269	29135	209609	764	160141276	711.31	149096977.8	11044298.21
200	4200	580	6999	3311	1095	7209	950	6325	30669	1106	33919914	956.53	29335818.57	4584095.43
250	4314	2835	5360	1578	10415	8277	3085	4676	40540	1487	60282980	1255.65	50904051	9378929
300	1680	3065	9514	3203	4355	8738	3010	6675	40240	1914	77019360	1591.61	64046386	12972974
400	2290	5270	8895	473	0	9029	0	2515	28472	2946	83878512	2440.93	69498158.96	14380353.04
450	3890	6095	5565	718	2190	3487	3655	5560	31160	3548	110555680	2872.89	89519252.4	21036427.6
TOTAL PHASE-I											1241326175		1108175004	133151171
PHASE-II (As per S R 2004-05)														
100	100500	235000	230000	72400	0	165000	0	248000	1050900	572	601114800	531.289	558331610.1	42783189.90
150	8600	10000	29000	9500	0	13800	0	8200	79100	832	65811200	782.441	61891083.1	3920196.90
200	4050	15000	5000	0	0	0	19000	8000	51050	1151	58758550	1052.183	53713942.15	5044761.85
250	1080	6000	0	1600	0	0	4000	5000	17680	1533	27103440	1381.215	24419881.2	2683647.80
300	1175	5800	0	0	0	1100	3000	7000	18075	2168	39186600	1750.771	31645185.83	7541414.18
400	0	0	0	0	0	0	1765	0	1765	2723	4806095	2685.023	4739065.595	67029.40
450	0	1600	0	0	0	0	500	0	2100	3710	7791000	3160.179	6636375.9	1154624.10
600	0	950	0	0	0	0	0	0	950	4690	4455500	4903.712	4658526.4	-203026.40
TOTAL PHASE-II											809027185		746035670.3	62991834.30
TOTAL AMOUNT OF BOOSTED ESTIMATES											2050353360		1854210674.63	196143005.00

Appendix-2.5
(Reference: Paragraph-2.2.8.3(c), Page-45)
Statement showing excess earth excavation against IS 4127 standards

Dia of Pipe in mm	working space as per IS in mm	Total excavation width in mtrs as per IS	Depth in mtrs	Length of the pipe (in mtrs)	Total quantity of excavation in cum as per IS	Working space as per Board	Total excavation width in mtrs as per Board	Total quantity of excavation in cum as per Board	Difference (in cum)	% age of excess excavation
W1										
3028	400	3.522	2	6280.39	44239.067	1000	4.028	50594.82	6355.753	
2628	400	3.118	2	9451	58936.44	1000	3.628	68576.456	9640.016	
1025	400	1.491	2	20	59.64	1000	2.025	81	21.36	
					103235.15			119252.28	16017.13	13.43
W5a										
2728	400	3.224	2	20293.04	130849.522	1000	3.728	151304.906	20455.38	
1025	400	1.491	2	87.6	261.2232	1000	2.025	354.78	93.5568	
					131110.745			151659.686	20548.94	13.55
W5b										
2728	400	3.224	2	22841.9	147284.571	1000	3.728	170309.206	23024.64	13.52
W5c										
2728	400	3.224	2	25365	163553.52	1000	3.728	189121.44	25567.92	13.52
W5d										
2225	400	2.703	2	3976.95	21499.3917	1000	3.225	25651.33	4151.94	
2125	400	2.603	2	16515	85977.09	1000	3.125	103218.75	17241.66	
1825	400	2.299	2	14386.65	66149.8167	1000	2.825	81284.57	15134.76	
1025	400	1.499	2	649.12	1946.06176	1000	2.025	2628.94	682.87	
620	400	1.082	2	968.7	2096.2668	1000	1.620	3138.59	1042.32	
					177668.627			215922.17	38253.55	17.72
W5e										
1825	400	2.299	2	12513.6	57537.55	1000	2.825	70701.86	13164.31	
1725	400	2.195	2	9812.936	43078.79	1000	2.725	53480.50	10401.71	
1625	400	2.099	2	5982.33	25113.82	1000	2.625	31407.23	6293.41	
1625	400	2.095	2	7453.26	31229.16	1000	2.625	39129.62	7900.46	
1325	400	1.791	2	9326.97	33409.21	1000	2.325	43370.41	9961.20	
720	400	1.182	2	2908	6874.51	1000	1.720	10003.52	3129.01	
500	400	0.968	2	4192	8115.71	1000	1.500	12576.00	4460.29	
					205358.75			260669.14	55310.39	21.22

Appendix-2.6
(Reference: Paragraph-2.2.8.3(c), Page-45)
Statement showing avoidable expenditure due to excess provision of earth excavation against IS 4127 standard

Earth Excavation	Total Quantity as per RAB20 (in cum)	Total quantity (in cum)	Rate paid/cum (in ₹)	Avoidable Expenditure (in ₹)
W1		13.43%		
ALL SOILS				
0-2 metres	97,678.115	13,118.17	64	8,39,562.934
2-4 metres	6,794.557	912.51	79	72,088.2114
4-6 metres	0	0.00	0	0.000
> 6 metres	0.000	0.00	0	0.000
DISINTEGRATED ROCK		0.00		
0-2 metres	17,099.61	2,296.48	136	3,12,320.957
2-4 metres	73,951.676	9,931.71	162	16,08,937.034
4-6 metres	1,864.506	250.40	188	47,075.793
> 6metres	0.000	0.00	0	0.000
HARD ROCK		0.00		
0-2 metres	9,330.990	1,253.15	1073	13,44,632.050
2-4 metres	17,114.560	2,298.49	1145	26,31,765.792
4-6 metres	34,771.000	4,669.75	1217	56,83,080.030
> 6 metres	29,503.940	3,962.38	1288	51,03,544.335
TOTAL W1	2,87,998.954	38693.03		1,76,43,007.137
W5a		13.55%		
ALL SOILS				
0-2 metres	1,38,383.230	18,750.928	118	22,12,609.464
2-4 metres	40,436.12	5,479.094	130	7,12,282.2538
4-6 metres	1,407.105	190.663	142	27,074.107
DISINTEGRATED ROCK		0.000		
0-2 metres	8,373.792	1,134.649	139	1,57,716.185
2-4 metres	8,1012.06	10,977.134	150	16,46,570.12
4-6 metres	8,480.762	1,149.143	200	2,29,828.650
> 6 metres	299.53	40.586	228	9,253.680
HARD ROCK		0.000		
0-2 metres	1,171.159	158.692	592	93,945.690
2-4 metres	10,936.778	1,481.933	495.2	7,33,853.4291
4-6 metres	3,441.295	466.295	700	3,26,406.831
> 6 metres	37.943	5.141	800	4,113.021
TOTAL W5a	2,93,979.774	39,834.259		61,53,653.432
W5b		13.52%		
ALL SOILS				
0-2 metres	1,28,710.158	17,401.613	180	31,32,290.405
2-4 metres	1,138.898	153.979	204	31,411.71796
4-6 metres	44.308	5.990	271	1,623.410
DISINTEGRATED ROCK				
0-2 metres	17,499.752	2,365.966	250	5,91,491.618
2-4 metres	12,6918.8	17,159.422	294	50,44,870.156
4-6 metres	1,178.292	159.305	365	58,146.354
HARD ROCK				
0-2 metres	582.730	78.785	550	43,331.803
2-4 metres	8,357.908	1,129.989	650	7,34,492.955
4-6 metres	2,063.504	278.986	650	1,81,340.732
TOTAL W5b	2,86,494.354	38,734.037		98,18,999.150
W5c		13.52%		
ALL SOILS				
0-2 metres	1,79,533.359	24,272.910	81	19,66,105.721
2-4 metres	3,634.977	491.449	90	44,230.40014
4-6 metres	1,789.839	241.986	110	26,618.486

Earth Excavation	Total Quantity as per RAB20 (in cum)	Total quantity (in cum)	Rate paid/cum (in ₹)	Avoidable Expenditure (in ₹)
DISINTEGRATED ROCK				
0-2 metres	1,484.201	200.664	105	21,069.717
2-4 metres	1,43,032.42	19,337.983	120	23,20,557.917
4-6 metres	11,059.03	1,495.181	135	2,01,849.416
HARD ROCK				
0-2 metres	822.834	111.247	308	34,264.124
2-4 metres	13,941.676	1,884.915	308	5,80,553.6953
4-6 metres	3,652.637	493.837	308	1,52,101.649
TOTAL W5c	358950.969	48,530.171		5,347,351.125
W5d		17.72%		
ALL SOILS				
0-2 metres	1,62,081.000	28,720.753	114	32,74,165.865
2-4 metres	52,380.820	9,281.881	122	11,32,389.519
4-6 metres	1,774.773	314.490	243	76,421.015
> 6 metres	19.870	3.521	323	1,137.271
DISINTEGRATED ROCK				
0-2 metres	6,988.23	1,238.314	350	4,33,410.025
2-4 metres	97,558.900	17,287.437	437	75,54,610.004
4-6 metres	5,582.830	989.277	653	6,45,998.192
> 6metres	46.570	8.252	728	6,007.605
HARD ROCK				
0-2 metres	4,300.000	761.960	1,132	8,62,538.720
2-4 metres	17,990.000	3,187.828	1,172	37,36,134.416
4-6 metres	3,743.000	663.260	1,574	10,43,970.610
> 6 metres	142.110	25.182	1,617	40,719.119
TOTAL W5d	3,52,608.10	62,482.156		1,88,07,502.361
W5e		21.22%		
ALL SOILS				
0-2 metres	2,45,110.24	5,20,120.39	175	91,02,170.00
2-4 metres	58,744.12	12,465.502	185	23,06,117.87
4-6 metres	447.91	95.05	194	18,439.7
DISINTEGRATED ROCK				
0-2 metres	372.25	78.99	208	16,430.22
2-4 metres	36,687.60	7,785.11	217	16 89,368.87
4-6 metres	273.38	58.01	227	13 168.27
HARD ROCK				
0-2 metres	3,700.00	785.14	1,422	11 16 469.08
2-4 metres	5,865.79	1,244.72	1,432	17 82439.95
4-6 metres	132.67	28.15	1,441	40 564.15
TOTAL W5e	3,51,333.96	74,517.93		1,60,85,168.11
TOTAL AVOIDABLE EXPENDITURE				7,38,55,681.32

Appendix-2.7

(Reference: Paragraph-2.2.8.3 (c) Page-47)

Statement showing avoidable expenditure incurred due to providing of higher diameter of the pipe line due to non-adoption of C value as recommended by the CPHEEO Manual

Description of the work	Dia of pipe and length of the pipe line laid by the Board taking C value as 120	Dia of pipe required if C value recommended by CPHEEO manual was taken (in mm)	Extra diameter provided by the Board (in mm)	Total extra weight of the pipe laid by the Board due to extra diameter (in MT)	Quoted rate of the pipe laid in ₹ /Rmt	Quoted rate converted to ₹ /MT using unit weight of steel	Avoidable expenditure incurred due to providing higher dia pipes. (in ₹)
*RWM W1	3028mm/6300Rmt	2805	223	633.58	100,182	78,267.18	4,95,88,519.90
	2628mm/9600Rmt	2435	193	730.60	78,222	79,818.36	5,83,15,293.80
**CWTM W5a	2728mm/21000Rmt	2527	201	2,040.5	-	68,778.80	1,40,34,314.14
W5b	2728mm/23000Rmt	2527	201	2,234.83	-	66,539.17	14,87,03,733.30
W5c	2728mm/25400Rmt	2527	201	2,468.02	-	74,511.00	18,38,94,638.20
***CTM 5(d)	2225mm/3796Rmt	2061	164	244.22	59,065	73,831.25	1,80,31,067.90
	2125mm/16515Rmt	1969	156	968.85	56,427	76,252.70	7,38,77,428.40
	1825mm/14386Rmt	1691	134	612.26	41,537	76,920.37	4,70,95,263.73
5(e)	1825mm/12513Rmt	1691	134	540.37	37,950	70,277.80	3,79,76,014.80
	1725mm/9808Rmt	1599	126	328.79	29,979	69,718.60	2,29,22,778.50
	1625mm/5982 Rmt	1506	119	231.79	33,718	70,245.83	1,62,82,280.90
	1325mm/9320Rmt	1223	102	202.16	18,747	72,103.84	1,45,76,512.30
Total							81,50,39,970.08

- * RWM-Raw Water Transmission Main.
- ** CWTM-Clear Water Transmission Main.
- *** CTM-City Trunk Main

Appendix-2.8

(Reference: Paragraph-2.2.8.3 (d), Page-48)

Statement showing excess payment to the contractor due to adoption of incorrect indices under W4c contract for supply of steel plates
(Amount in ₹)

RA bill NO.	No. of plates supplied	Amount	Indices month	L0	L1	M0	M1	PA* factor	PA amount	L0	L1	M0	M1	PA factor	PA amount	Difference
1	116	15154240	January-09	143	148	549	483.7	0.9144	-1297062.95	143	148	319.9	303.1	0.964	-543897.87	-753165.07
2	760	99286400	February-09	143	148	549	565.7	1.026	2626274.65	143	148	319.9	286.8	0.926	-7357705.27	9983979.92
	994	129856160	March-09	143	148	549	564.2	1.024	3175840.88	143	148	319.9	287.8	0.928	-9318658.49	12494499.37
3	837	109345680	February-09	143	148	549	565.7	1.026	2892357.74	143	148	319.9	286.8	0.926	-8103156.99	10995514.73
	1617	211244880	March-09	143	148	549	564.2	1.024	5166332.70	143	148	319.9	287.8	0.928	-15159226.1	20325558.83
4	20	2612800	February-09	143	148	549	565.7	1.026	69112.49	143	148	319.9	286.8	0.926	-193623.823	262736.31
	80	10451200	April-09	143	150	549	564.2	1.026	270217.94	143	150	319.9	285.8	0.925	-784380.886	1054598.82
5	1020	133252800	May-09	143	151	549	489.9	0.925	-9993166.35	143	151	319.9	286.3	0.927	-9751468.08	-241698.27
	300	39192000	June-09	143	153	549	491.5	0.929	-2800813.44	143	153	319.9	286.4	0.928	-2804076.37	3262.93
	20	2612800	March-09	143	148	549	564.2	1.024	63900.22	143	148	319.9	287.8	0.928	-187498.159	251398.38
6	938	122540320	July-09	143	160	549	491.5	0.933	-8157362.29	143	160	319.9	286.5	0.934	-8138835.02	-18527.27
	442	57742880	July-09	143	160	549	491.5	0.933	-3843874.34	143	160	319.9	286.5	0.934	-3835144.01	-8730.34
7	380	49643200	July-09	143	160	549	491.5	0.933	-3304688.35	143	160	319.9	286.5	0.934	-3297182.63	-7505.72
	20	2612800	August-09	143	162	549	508.9	0.959	-108229.25	143	162	319.9	293.9	0.952	-124551.747	16322.50
8	160	20902400	July-09	143	160	549	491.5	0.933	-1391447.73	143	160	319.9	286.5	0.934	-1388287.42	-3160.30
	120	15676800	November-09	143	168	549	508.6	0.962	-589596.37	143	168	319.9	290.8	0.949	-795471.051	205874.68
9	40	5225600	December-09	143	169	549	522.1	0.982	-96058.12	143	169	319.9	290.8	0.950	-261502.751	165444.63
	40	5225600	November-09	143	168	549	508.6	0.962	-196532.12	143	168	319.9	290.8	0.949	-265157.017	68624.89
	200	26128000	December-09	143	169	549	522.1	0.982	-480290.62	143	169	319.9	290.8	0.950	-1307513.76	827223.14
	20	2612800	January-10	143	172	549	535.7	1.002	5719.40	143	172	319.9	293.4	0.958	-109343.25	115062.65
Total	8124								-17989365.91						-73726680.73	55737314.82

* PA = Price Adjustment

Statement showing excess payment to the contractor due to adoption of incorrect indices under W4b contract for supply of steel plates
(Amount in ₹)

RA BILLNO	NO OF PLATES SUPPLIED	AMOUNT	INDICES MONTH	Lo	L1	Mo	M1	PA Factor	PA AMOUNT	Lo	L1	Mo	M1	PA FACTOR	PA AMOUNT	DIFFERENCE
1	1076	140568640	February-09	143	148	548.9	565.7	1.026	3718252.00	143	148	319.9	286.8	0.926	-10416962	14135213.68
2	400	52256000	March-09	143	148	548.9	564.2	1.024	1278004.38	143	148	319.9	287.8	0.928	-3749963	5027967.55
2	60	7838400	February-09	143	148	548.9	565.7	1.026	207337.47	143	148	319.9	286.8	0.926	-580871.5	788208.94
2	860	112350400	March-09	143	148	548.9	565.7	1.026	2971837.10	143	148	319.9	287.8	0.928	-8062421	11034257.93
3	1340	175057600	March-09	143	148	548.9	565.7	1.026	4630536.88	143	148	319.9	287.8	0.928	-12562377	17192913.51
4	1539	201054960	March-09	143	148	548.9	565.7	1.026	5318206.16	143	148	319.9	287.8	0.928	-14427983	19746189.48
5	77	10059280	March-09	143	148	548.9	565.7	1.026	266083.09	143	148	319.9	287.8	0.928	-721867.9	987951.00
6	260	33966400	June-09	143	153	548.9	491.5	0.929	-2427371.65	143	153	319.9	286.4	0.928	-2430200	2827.87
7	320	41804800	June-09	143	153	548.9	491.5	0.929	-2987534.33	143	153	319.9	286.4	0.928	-2991015	3480.46
8	580	75771200	June-09	143	153	548.9	491.5	0.929	-5414905.98	143	153	319.9	286.4	0.928	-5421214	6308.33
8	20	2612800	July-09	143	160	548.9	491.5	0.933	-173930.97	143	160	319.9	286.5	0.934	-173535.9	-395.04
9	300	39192000	June-09	143	153	548.9	491.5	0.929	-2800813.44	143	153	319.9	286.4	0.928	-2804076	3262.93
9	40	5225600	July-09	143	160	548.9	491.5	0.933	-347861.93	143	160	319.9	286.5	0.934	-347071.9	-790.08
10	40	5225600	March-09	143	148	548.9	564.2	1.024	127800.44	143	148	319.9	287.8	0.928	-374996.3	502796.76
10	19	2482160	May-09	143	151	548.9	489.9	0.925	-186147.22	143	151	319.9	286.3	0.927	-181645	-4502.22
10	80	10451200	June-09	143	153	548.9	491.5	0.929	-746883.58	143	153	319.9	286.4	0.928	-747753.7	870.11
10	80	10451200	July-09	143	160	548.9	491.5	0.933	-695723.86	143	160	319.9	286.5	0.934	-694143.7	-1580.15
11	180	23515200	June-09	143	153	548.9	491.5	0.929	-1680488.06	143	153	319.9	286.4	0.928	-1682446	1957.76
11	220	28740800	July-09	143	160	548.9	491.5	0.933	-1913240.62	143	160	319.9	286.5	0.934	-1908895	-4345.42
12	460	60094400	October-09	143	165	548.9	508.8	0.961	-2366484.91	143	165	319.9	291.4	0.949	-3090844	724358.78
13	359	46899760	October-09	143	165	548.9	508.8	0.961	-1846887.14	143	165	319.9	291.4	0.949	-2412202	565314.79
	260	33966400	November-09	143	168	548.9	508.6	0.962	-1277458.80	143	168	319.9	290.8	0.949	-1723521	446061.81
14	280	36579200	October-09	143	165	548.9	508.8	0.961	-1440469.08	143	165	319.9	291.4	0.949	-1881383	440914.04
	340	44417600	November-09	143	168	548.9	508.6	0.962	-1670523.05	143	168	319.9	290.8	0.949	-2253835	583311.60
15	76	9928640	October-09	143	165	548.9	508.8	0.961	-390984.46	143	165	319.9	291.4	0.949	-510661.1	119676.67
	179	23384560	November-09	143	168	548.9	508.6	0.962	-879481.25	143	168	319.9	290.8	0.949	-1186578	307096.40
	179	23384560	December-09	143	169	548.9	522.1	0.982	-429860.10	143	169	319.9	290.8	0.950	-1170225	740364.71
	20	2612800	January-10	143	172	548.9	535.7	1.002	5719.40	143	172	319.9	293.4	0.958	-109343.3	115062.65
Total	9644								-11153273.52						-84618028	73464754.85

Statement showing excess payment to the contractor due to adoption of incorrect indices under W4a contract for supply of steel plates
(Amount in ₹)

RA Bill No	No of plates supplied	Amount	Indices month	Price adjustment calculation as per Board						Price adjustment calculation as per audit						Difference
				LO	L1	MO	M1	PA Factor	PA Amount	LO	L1	MO	M1	PA Factor	PA Amount	
1	1120	146316800	February-09	143	148	548.9	565.7	1.026	3870299.48	143	148	319.9	286.8	0.926	-10842934.09	14713233.57
2	1399	182765360	April-09	143	150	548.9	564.2	1.026	4725436.20	143	150	319.9	285.8	0.925	-13716860.75	18442296.95
2	3	391920	February-09	143	148	548.9	565.7	1.026	10366.87	143	148	319.9	286.8	0.926	-29043.57345	39410.45
3	11	1437040	March-09	143	148	548.9	564.2	1.024	35145.12	143	148	319.9	287.8	0.928	-103123.9873	138269.11
3	1679	219344560	April-09	143	150	548.9	564.2	1.026	5671198.98	143	150	319.9	285.8	0.925	-16462193.85	22133392.83
3	1520	198572800	May-09	143	151	548.9	489.9	0.925	-14891777.31	143	151	319.9	286.3	0.927	-14531599.5	-360177.81
4	20	2612800	April-09	143	150	548.9	564.2	1.026	67554.48	143	150	319.9	285.8	0.925	-196095.2215	263649.71
	478	62445920	May-09	143	151	548.9	489.9	0.925	-4683072.07	143	151	319.9	286.3	0.927	-4569805.631	-113266.44
	40	5225600	June-09	143	153	548.9	491.5	0.929	-373441.79	143	153	319.9	286.4	0.928	-373876.8488	435.06
5	40	5225600	May-09	143	151	548.9	492.9	0.929	-370468.58	143	151	319.9	286.3	0.927	-382410.5131	11941.93
	200	26128000	June-09	143	153	548.9	491.5	0.929	-1867208.96	143	153	319.9	286.4	0.928	-1869384.244	2175.29
6	220	28740800	June-09	143	153	548.9	491.5	0.929	-2053929.85	143	153	319.9	286.4	0.928	-2056322.668	2392.81
7	120	15676800	June-09	143	153	548.9	491.5	0.929	-1120325.37	143	153	319.9	286.4	0.928	-1121630.546	1305.17
	639	83478960	July-09	143	160	548.9	491.5	0.933	-5557094.35	143	160	319.9	286.5	0.934	-5544472.896	-12621.46
8	60	7838400	June-09	143	153	548.9	491.5	0.929	-560162.69	143	153	319.9	286.4	0.928	-560815.2731	652.59
	220	28740800	July-09	143	160	548.9	491.5	0.933	-1913240.62	143	160	319.9	286.5	0.934	-1908895.207	-4345.42
9	100	13064000	June-09	143	153	548.9	491.5	0.929	-933604.48	143	153	319.9	286.4	0.928	-934692.1219	1087.64
	140	18289600	July-09	143	160	548.9	491.5	0.933	-1217516.76	143	160	319.9	286.5	0.934	-1214751.495	-2765.26
10	20	2612800	June-09	143	153	548.9	491.5	0.929	-186720.90	143	153	319.9	286.4	0.928	-186938.4244	217.53
	380	49643200	October-09	143	165	548.9	508.8	0.961	-1954922.32	143	165	319.9	291.4	0.949	-2553305.664	598383.34
11	320	41804800	October-09	143	165	548.9	508.8	0.961	-1646250.37	143	165	319.9	291.4	0.949	-2150152.138	503901.76
	180	23515200	November-09	143	168	548.9	508.6	0.962	-884394.55	143	168	319.9	290.8	0.949	-1193206.577	308812.02
	100	13064000	December-09	143	169	548.9	522.1	0.982	-240145.31	143	169	319.9	290.8	0.950	-653756.8786	413611.57
12	239	31222960	November-09	143	168	548.9	508.6	0.962	-1174279.44	143	168	319.9	290.8	0.949	-1584313.178	410033.74
	439	57350960	December-09	143	169	548.9	522.1	0.982	-1054237.91	143	169	319.9	290.8	0.950	-2869992.697	1815754.79
Total	9687								-28302792.50						-87610573.96	59307781.47

Appendix-2.9

(Reference: Paragraph-2.2.8.3(d), Page-49)

Statement showing package-wise avoidable expenditure on account of adoption of incorrect indices towards price adjustment

(Amount in ₹)

Sl.No.	Package no.	PA amount paid by the board	PA amount payable as per audit	Avoidable expenditure
1.	W2	24,66,76,794	8,53,22,955	16,13,53,839
2.	W3	70,95,61,150	27,79,74,372	43,15,86,778
3.	W5a	20,12,21,091	14,54,10,333	5,58,10,758
4.	W5b	21,13,98,632	15,52,43,287	5,61,55,345
5.	W5c	24,36,63,777	17,05,86,078	7,30,77,699
6.	W5d	41,29,69,401	5,75,87,507	35,53,81,894
7.	W5e	37,73,51,625	9,54,48,369	28,19,03,256
8.	W6a	7,67,61,720	3,54,56,118	4,13,05,602
9.	W6b	9,79,09,184	5,04,83,175	4,74,26,009
Total avoidable expenditure		2,57,75,13,374	1,07,35,12,194	1,50,40,01,180

Appendix-2.10

(Reference: Paragraph-2.2.8.3(e), Page-50)

Excess payment towards earth excavation suggested by mismatch among excavation, pipe volume and backfilling

Sl. No	Package No.	Total Earth Excavated for pipeline trenches (in cum)	Backfilling Quantity (in cum)	Total volume of pipes (in cum)	Sum of Pipe Volume & Backfilling (in cum)	Difference between excavation & sum of Pipe volume & Backfilling (in cum)	Weighted average rate paid for excavation (in ₹)	Excess payment (in ₹)
1	W1	2,88,108.874	1,00,753.36	1,02,927.39	2,03,680.80	84,428.12	433.65	3,66,12,255.54
2	W5a	2,93,979.771	1,03,396.85	1,27,204.48	2,30,601.30	63,378.44	157.36	99,73,231.31
3	W5b	2,86,494.354	94,844.58	1,43,089.52	2,37,934.10	48,560.26	253.50	1,23,10,025.91
4	W5c	3,58,950.969	1,91,275.08	1,58,895.08	3,50,170.20	8,780.812	110.19	9,67,557.67
5	W5d	3,52,608.150	1,08,791.24	1,21,261.72	2,30,053.00	1,22,555.2	301.00	3,68,89,112.19
6	W5e	3,51,333.956	2,32,388.38	1,07,807.31	3,40,195.70	11,138.27	214.95	23,94,171.35
TOTAL		19,31,476.074	8,31,449.49	7,61,185.50	15,92,635.10	3,38,841.102		9,91,46,353.97

Appendix-2.11

(Reference: Paragraph-2.2.8.3 (e), Page-50)

Statement showing excess payment made towards hard rock excavation by mechanical means instead of excavation by blasting under W1 raw water transmission mains

Item No.	Brief Particulars of Item	Paid quantity (in cum)	Contracted Rate (in ₹)	Rate for excavation by blasting as per BWSSB SR 08-09	Difference between the rates (in ₹)	Excess payment/Unintended benefit (in ₹)
1.3	Excavation of Hard Rock by Chiselling or Mechanical breakers for pipeline					
	0-2 metres	9,330.99	1,073.00	566.89	506.11	47,22,526.011
	2-4 metres	17,114.56	1,145.00	652.46	492.54	84,29,605.38
	4-6 metres	34,771.00	1,217.00	681.87	535.13	18,60,7005.23
	> 6 metres	29,503.94	1,288.00	738.02	549.98	1,62,26,576.92
1.6	Excavation for open channel in Hard Rock by Chiselling or mechanical breakers for open channel					
	0-2 metres	1,703.14	1,081.00	566.89	514.11	8,75,601.30
	2-4 metres	9,573.87	1,152.00	652.46	499.54	47,82,531.01
	4-6 metres	11,529.16	1,224.00	681.87	542.13	62,50,303.511
	> 6 metres	19,664.38	1,295.00	738.02	556.98	10952666.37
1.12	Excavation for Canal intake in Hard Rock by Chiselling or mechanical breakers for open channel					
	0-2 metres	0		0.00	0.00	0
	2-4 metres	36.45	1,145.00	652.46	492.54	17953.2288
	4-6 metres	424.96	1,217.00	681.87	535.13	227408.8448
	> 6 metres	886.00	1,288.00	738.02	549.98	4,87,282.28
	TOTAL					7,15,79,460.08

Appendix-2.12
(Reference: Paragraph-2.2.8.3 (e), Page-52)
Loss to the Board due to use of Fe415 instead of Fe500 steel

Package No.	Paid Qty of Fe415 Steel in MT	Contract Rate/MT (in ₹)	Loss to the Board (16.66% of Col2 x Col3) (in ₹)
W1	1,128.88	59,589	1,12,06,987.13
W5a	562.486	44,000	41,23,247.37
	6	50,400	50,379.84
W5b	1,259.506	52,000	1,09,11,352.38
	103.5	86,316	14,88,355.42
W5c	1,166.243	43,000	83,54,731.60
	91.085	43,000	6,52,514.72
W5d	2,089.31	69,720	2,42,68,071.09
W5e	2288	66,779	2,54,54,872.64
	39	66,615	4,32,824.30
Total loss to the Board			8,69,43,336.49

Appendix-4.1
(Reference: Paragraph-4.1.2.4, Page-83)
Irregular payments

Sl. No.	Place	Item	Voucher/cheque/ invoice No. and date	Payment (₹)	Remarks	Reply of the Department	Verification by Audit
1	CCL, Ballari	Mother Board/GB RAM/ Hard Disk – 2 Nos	Invoice No. 2847/18.10.2012	20,580	Voucher was tampered and changed as 18.10.2012. Further, the stock certificate was issued by earlier Chief Librarian in October 2011 which contained installation report of 18 October 2011. The amount was drawn on self cheque.	It was replied that the department had made payment of ₹ 20,580 vide voucher No.306 dated 18.10.12 without altering the earlier records	On verification, it was observed that the said voucher was now signed by the earlier officer. This is also evidenced on verification of the stock register, as the entries now inserted were not in chronological order. Hence the payment was fraudulent.
2	CCL, Ballari	Repair work	Invoice Nos.1943 to 1945 paid twice on 30.03.2011 and again on 30.8.2012	13,626	The successful completion certificate issued by the earlier Chief Librarian during 2011 was overwritten and shown as 2012. Also the amount was drawn on self cheque by the Deputy Director.	It was replied that works had been carried out and payments have been made without tampering of records.	
3	DCL, Tumakuru	Fabrication work at Siddagamutt	Invoice No.289 dated March 2013 paid through treasury bill No.91/12-13	23,200	During inspection it was observed that though payment was made, fabrication work was yet to be completed.	Reply not furnished	-
4	CCL, Bengaluru – East Zone	Upgradation of One Server and Client	(i) Invoice No.18 dated 9.1.2010 paid vide cheque No.577356 on 22.2.2010 (ii) Invoice No.2739 dated 31.3.2010 paid through cheque No.580248 dated 31.3.2010	96,300	During January 2010 an upgradation of one server and client was undertaken at a cost of ₹ 97,000/-. However, once again in March 2010, with the same configuration one more upgradation was undertaken.	It was replied that due to electric short circuit, the server and client had to be upgraded for the second time.	The notings in the records did not indicate any short circuit and only stated undertaking of upgradation. .
5	Directorate Office	Purchase of curtains	Invoice No.1031 dated 6.8.09 paid through cheque No.467020 dated 6.8.09	27,395	Based on the duplicate/triplicate copies of invoices, double payment had been made.	The reply of the Department was not specific to the audit observation.	-

Sl. No.	Place	Item	Voucher/cheque/ invoice No. and date	Payment (₹)	Remarks	Reply of the Department	Verification by Audit
6	CCL, Bengaluru – South Zone	Cleaning of CA site	Work Order dated 18 August 2012. Invoice No.9 dated August 2012 paid vide cheque No.760721 dated 27.5.2013.	99,046	Work order for cleaning @ ₹ 838/hr, was issued on 18.08.2012. Bill was received for on 21/08/2012 with cleaning work for 85 hrs which was not possible.	It was replied that due to paucity of time, the work had to be undertaken beyond the normal hours and hence there were no lapses in respect of works undertaken in CA site No.10	Since only one JCB was utilised, the Department incurred excess expenditure and the day-wise deployment hours were not available.
7		Cutting of 40 trees @ ₹ 2494/tree and cleaning grass and plants of 16100 sq mtrs @ ₹ 6.18/sq.mtr	Work orders dated 24 August 2012 and 25 August 2012	1,99,258	The work for the cleaning of the site No.10 which was completed within 21.8.12 and paid vide cheque No.769225 dated 27.7.2013 were again paid vide cheque No.769226 dated 27.7.2013.	It was replied that the work was undertaken at a different site bearing CA Site No.4D	On verification, it was observed from the records that the work had been undertaken in site no.10 only and hence the payment was bogus.
8		Fixing of water pipes to various works	Work orders were issued during 2012- 13. The amounts were paid vide cheque No.s 595374 (2.11.2012), 760716 to 760719 (27-5-2013)	5,20,499	Against 3728 mtrs of length of water pipes claimed to have been laid, actual length physically available was 280 mtrs.	It was replied that the department had undertaken works by laying 3728 mts of length of water pipes and payment was made accordingly.	No additional documents were produced for verification.
9		Painting work of Branch library, Jayanagar	Work order dated 18.8.2012 paid vide cheque No.760715 dated 27.5.2013	98,000	Had not been painted since July 2012 as stated by the Chief librarian.	It was replied that the work was undertaken during 2012- 13 and due to exposure to sunlight rain the exterior paintings and faded.	
	TOTAL			10,97,904			

Appendix-4.2
(Reference: Paragraph-4.1.2.9(b), Page-88)
Excess payment due to non-ascertaining of market rate

Name of LLA	Name of item	No.	Year of purchase	Rate of procurement (in ₹)	Market value (in ₹)	Excess payment (in lakh)	Remarks	
Directorate	LCD Colour TV	30	2010-11	38,192	15,590	6.78		
	CDs/DVDs	15 sets of 140 CDs/DVDs	2010-11	750-1,500	99-399	1.17		
	Multimedia projectors	4	2011-12	81,700	36,999	1.79		
DCL, Belagavi	Euroclean silver vaccum cleaners	4	2012-13	20,948	4,990	0.64		
CCL, Kalaburagi	RO system	1	2013-14	99,950	46,500	0.53		
CCL, Mandya	Acquaguard – RO	1	2011-12	35,000	14,990	0.20		
	HP Laserjet Printer 1505	1	2009-10	20,000	9,400	0.11		
CCL, Bengaluru – South Zone	22" LED Monitor	1	2012-13	37,600	9,858	0.28		
	LCD Projector	1	2012-13	99,698	28,731	0.71		
		Kiloskar Diesel Generator	1	2010-11		9,30,000	5.71	
			1	2010-11		9,80,000	6.21	
	UPS (1 KVA)	1	2009-10	9,15,500		5.57		
		4	2011-12	61,000	32,500	1.14		
	6	2009-10	42,500	0.60				
Lenova with i3 configuration	15	2012-13	41,788	28,350	2.02	Has been charged for i7 configuration		
CCL, Bengaluru – West/Central /North Zone	Lenova with i7 configuration	33	2012-13	41,788	28,350	4.43	Has been supplied with i3 configuration.	
Total						37.89		

Appendix-4.3
(Reference: Paragraph-4.1.2.10(a), Page-89)
Extra payment due to non-supply of items

(₹ in lakh)

Name of the authority	Item for which payment has been made	Cost	Item actually available	Cost	Difference
CCL Ballari	Intel I3 System	0.25	Not available	0.00	0.25
	225 Cushion chairs	12.38	Not available	0.00	12.38
	Various items	4.42	Partial available	1.81	2.61
SCL, Bengaluru	Library equipments	16.46	Not available	15.10	1.36
	6 Fire extinguishers	1.00	Not available	0.00	1.00
DCL Mandya	200 Cushion chairs	13.80	185 Cushion chairs	12.77	1.03
Bengaluru South Zone	4 Batteries	0.54	Not available	0.00	0.54
	5 UPS	15.73	Not available	0.00	15.73
	3 LED monitors along with peripherals	1.00	Peripherals excluding 3 monitors	0.54	0.46
	54 Steel racks	6.14	43 Steel racks	4.89	1.25
	CCTV camera with peripherals	1.00	Not available	0.00	1.00
	Barcode printer, camera 2 scanners, hard disk	1.00	Barcode printer, Barcode scanner	0.64	0.36
	3 motors of 1 HP capacity	1.00	2 motors of 1 HP capacity	0.33	0.67
	4 water tanks of 17000 litres capacity	1.00	3 water tanks of 9000 litres capacity	0.54	0.46
Indira Nagar & Jayanagar Branch, Bengaluru South Zone	Children Toys	4.97	Children Toys	0.61	4.36
DVG Road Branch, Bengaluru South Zone	Children Toys	2.00	Not available	0.00	2.00
Hampinagar Branch, Bengaluru West Zone	4 Digital clocks	0.40	Not available	0.00	0.40
	Children Toys	2.89	Children Toys	0.65	2.24
Study Centre at Govidarajanagar and Ambedkar Branch, Bengaluru West zone	22 Exide Batteries	1.31	Not available	0.00	1.31
Bengaluru West Zone	35 book trolleys	5.96	1 Book trolley	0.17	5.79
	54 Periodical display stand	6.92	10 Periodical display stand	1.39	5.53
	37 New arrival book stand	5.39	2 New arrival book stand	0.21	5.18
	19 Aluminium ladders	2.59	Not available	0.00	2.59
	Electric operated lawn machine, Electric chair saw tree, Electric werd cutter and 30 vacuum cleaners	9.85	27 vacuum cleaners, Electric operated lawn machine and Electric werd cutter	8.75	1.10

Name of the authority	Item for which payment has been made	Cost	Item actually available	Cost	Difference
RT Nagar Branch, Bengaluru East Zone	230 Cushion chairs	12.65	Not available	0.00	12.65
	2 Officers table	0.85	1 Officers table	0.43	0.42
Jesis Childrens Library, Bengaluru Central Zone	Children's Toys	0.48	Children's Toys	0.06	0.42
Rajarammohanroy Branch, Bengaluru Central Zone	Children's CD's	0.98	Children's CD's	0.31	0.67
Lakkasandra, Sahakaranagar, Shankarapuram Branches, Bengaluru Central Zone	UPS of different specifications	11.15	UPS of different specifications	1.05	10.10
Rajajinagar Branch, Bengaluru North Zone	One Barcode Printer and Scanner	0.52	Not available	0.00	0.52
Nandini layout Branch, Bengaluru North Zone	5 HP Desktop systems	1.66	4 HP Desktop systems	1.33	0.33
Bengaluru North Zone	98 CD's / DVD's	0.98	42 CD's / DVD's	0.45	0.53
	2 UPS of 15 KV capacity	4.55	Not available	0.00	4.55
Bengaluru South Zone	3 UPS (two 30 KVA & one 20 KVA)	14.41	Not available	0.00	14.41
Total		166.23		52.03	114.20

Appendix-4.4

(Reference: Paragraph-4.2.1, Page-91)

District-wise number of Waqf institutions

Sl.No.	District	Number
1.	Bengaluru Urban	835
2.	Bengaluru Rural	434
3.	Bagalkot	760
4.	Belagavi	1,468
5.	Ballari	837
6.	Bidar	2,550
7.	Vijayapura	1,945
8.	Chamarajangara	181
9.	Chikkaballapura	604
10.	Chikkamagaluru	349
11.	Chitradurga	434
12.	Davanagere	611
13.	Dharwad	922
14.	Gadag	814
15.	Kalaburagi	4,042
16.	Hassan	308
17.	Haveri	1,631
18.	Uttara Kannada	396
19.	Kodagu	334
20.	Kolar	777
21.	Koppal	1,203
22.	Mandya	342
23.	Dakshina Kannada	1,450
24.	Mysuru	453
25.	Raichur	1,837
26.	Ramanagara	587
27.	Shivamogga	766
28.	Tumakuru	755
29.	Udupi	399
30.	Yadgir	1,020
	Total	29,044

Appendix-4.5
(Reference: Paragraph-4.2.3.2, Page-97)
Details of encroachment of Auqaf

District	Details of the property encroached upon	Findings during joint inspection
Madikeri	Khabrasthan (Sunni) in Sy No 354/1 of Madikeri town	The property valued at ₹ 26.40 crore and earmarked for graveyard remained encroached upon; 25 houses had been unauthorisedly built on this land and no action had been taken by the CEO to order removal of encroachments.
Mysuru	Land measuring 2 acres and 7 guntas in Sy No 5, Antharasanthe, HD Kote belonging to Jamia Masjid and Khabrasthan (Sunni)	Chairman, District Waqf Advisory Committee (DWAC) informed (August 2001) the Executive Officer, Taluk Panchayat, HD Kote that 13 persons had unauthorisedly constructed houses on this land after obtaining permission from Secretary, Gram Panchayat, Antharasanthe and requested cancellation of the permission given. No action was taken till February 2006 when the Chairman, DWAC took up the matter with the Chief Executive Officer, Zilla Panchayat, Mysuru who directed (March 2006) Secretary, Gram Panchayat, Antharasanthe to cancel the khatas already issued and stop construction activities. The Board passed eviction orders between April 2007 and May 2009 and referred these 12 cases to the SDM between August 2008 and September 2013 for evicting the encroachers. It was seen that the total area encroached upon was 18,971 sq ft and the dimensions of the plots on which houses had been built unauthorisedly ranged from 30'X20' to 102'x58'. As of May 2014, the encroachments had not been removed.
Chikka-ballapur	Khabrasthan (Sunni) measuring 1 acre and 10 guntas in Sy No 231 of Chikkaballapur	The property in question was a corner plot in the heart of the town. Barring a small area on which a tomb had been built, the entire area had been built up. Temporary and permanent structures including residential buildings, commercial establishments, a choultry and a workshop had been unauthorisedly built on this land. No action had been taken by the Board to remove the encroachments.
	Khabrasthan (Sunni) measuring 3 acres and 23 guntas in Sy No 228 of Chikkaballapur	Residential buildings and shops had been constructed on this land and no action had been taken by the Board to remove the encroachments.
	Hazrath Tipu Sultan Mosque atop Nandi Hills	The Public Works Department had built a guest house on top of the mosque which remained locked. Though the Board served eviction notice in 2002, the property had not been cleared of encroachment.
Bengaluru (Urban)	Land belonging to Dargah Hazrath Ataullah and Nabi Shah Bada Makan around Lalbagh on Siddaiah Road, Bengaluru	Though approximately 800 unauthorised residential buildings had come up on this land over the years, no action had been taken up by the Board to remove the encroachments. The actual area under encroachment was also not assessed.
	Hazrath Hameed Shah and Hazrath Muhib Shah Khadri Dargah	Though the property abutting the part of the land leased out to Central Muslim Association had been encroached upon for 50 years, no action had been taken up by the Board.
Chamarajana-nagara	Hazrath Mardan-e-Ghalib Dargah, Shivanasamudram	23 shops, 8 hotels and 13 residential houses had been constructed unauthorisedly on this land over the years. However, no action had been taken over the years for removal of encroachments.

Appendix-4.6
(Reference: Paragraph-4.2.5.1, Page-100)
Statement showing the outstanding CWC loans

Sl.No.	Name of the Waqf Institution	Amount due as on 31 March 2014 (₹ in lakh)
1.	HMS Education Society, Tumakuru	86.57
2.	Anjuman-e-Islam Complex, Kollegal, Mysuru	105.00
3.	Betgiri Idgah Committee, Gadag	4.03
4.	Development Scheme of Ballari, Ballari	3.72
5.	Anjuman-e-Falah Darain Annigeri, Dharwad	22.70
6.	Millath Education & Welfare Society (Wakf), Davanagere, Chitradurga	48.40
7.	Mansoor Ali Memorial Wakf, Kerur	3.35
8.	Latifa Bano Dargah & Qabristan Wakf Goripet, Kerur	5.50
9.	Jama Masjid Madraipalaya, Shivamogga	13.08
10.	Noorani Masjid Wakf, Sirwar, Raichur	1.60
11.	Masjid-e-Aala, Pandavapur, Mandya District	2.70
12.	Masjid-e-Quba, Mandya	3.17
13.	Dargah Haz, Syed Sharfuddin (Sunni) Bengaluru	9.29
14.	New Mosque (Sunni) Jama Masjid, Holenarsipur Town, Hassan District (I Project)	10.68
15.	New Mosque (Sunni) Jama Masjid, Holenarsipur Town, Hassan District (II Project)	7.73
16.	Jama Masjid Khanapura, Belagavi	9.54
17.	Dargah Haz. Syed Ameerudin Sabri Ijeri, Jewargi, Kalaburagi	7.99
18.	Anjuman-e-Islam, Banhatti, Vijayapura	11.59
19.	Taha Educational Trust, Bengaluru	10.88
20.	Hafiz Badi Dargah, Bailahongal, Belagavi	14.66
21.	Masjid-e-Siddiqui, Aland, Kalaburagi	11.57
22.	Anjuman-e-Islam, Mulgund, Gadag, Dharwad	8.91
23.	Dattri Masjid Wakf, Vijayapura	14.84
24.	Kali Masjid Wakf, Chigrappa Humnabad, Bidar	9.92
25.	Anjuman-e-islam, Hubballi (II Project)	3.60
26.	Hashim Peer Dargah and Masjid Terald	0.43
27.	Jama Masjid Hosadurga, Chitradurga	1.74
28.	Jamath Ahale Islam, Jamia Masjid (Sunni), Chikkaballapur, Kolar	7.89
29.	Anjuman-e-Islam, Byadagi, Dharwad	24.84
30.	Hazrat Syed Murtuza Quadri, Ilkal, Hunugund	0.46
31.	Ballari Shadi Mahal Committe, Vadarbhanda, Ballari	32.06
32.	Fort Mosque Sunni, Doddaballapura	36.05
33.	Hazrat Peer Ghazib Shah, Vijayapura	6.68
34.	New Muslim Educational & Charitable Trust, Hunugund, Bagalkot	9.92
35.	Anjuma-e-Islam, Rathihalli	1.70
		552.79

Appendix-4.7
(Reference: Paragraph-4.2.5.1, Page-101)
Misutilisation of loans released in three instances

Case 1	<p>CWC sanctioned (2002) development loan of ₹ 0.57 crore to Ballari Shaadi Mahal Committee for construction of shaadi mahal, shopping complex, hostel and yatim khana at Vaddarabanda, Ballari. Project Development Committee (PDC) was constituted (April 2000) to oversee proper utilisation of the loan amount which was released in three installments.</p> <p>Based on the complaint of Chairman of District Waqf Advisory Committee (DWAC) on the mismanagement of the institute, it was taken under direct management of the Board. The Chairman, DWAC was appointed as the Administrator (May 2009) until construction of regular committee. Meanwhile, based on the memorandum of review application filed by the erstwhile Managing Committee directed the Board to constitute a new Managing Committee by following prescribed procedure. The Board, however, had neither constituted a new Management Committee nor PDC for the management of Waqf institution. Scrutiny of records showed that though the Waqf institution had furnished utilisation certificate (January 2007) for ₹ 30 lakh released towards construction of cellar of Shadi Mahal and ground floor of shopping complex, the status report furnished by the District Waqf Officer (DWO) (July 2010) stated that the institution had only constructed shopping complex and was earning income. However, it had neither paid Waqf contribution nor had rendered annual accounts. The State Government on receiving (January 2013) complaint from social activists alleging mal-administration and misappropriation by the institution referred the matter to the Board to examine the matter in detail and submit the report within 15 days. The Board in turn requested the District Waqf Officer and Deputy Commissioner, Ballari to examine the matter and forward the report in this regard. The information /report is awaited (November 2014).</p>
Case 2	<p>CWC approved (January 2000) a development project proposed by Anjuman-e-Islam, Hubballi and released (March 2000) ₹ 26 lakh as first installment to the Board to be released to the institution in the name of PDC after approval by the Government. In order to release the amount, the Board requested (April 2001) the State Government for constitution of PDC. The Government communicated its approval (August 2002) after a lapse of 26 months and Board released (January 2003) ₹ 25 lakh after deducting Guarantee commission @ 3 per cent.</p> <p>However, the institution stated (April 2013) that they were liable to pay donation only with effect from 8 January 2003 as the amount was retained by the Board till that date. The institution also requested the Board for extension of one time settlement scheme and enclosed a statement of outstanding dues as per their books of accounts (₹ 16 lakh). CWC agreeing to the proposition confirmed the outstanding principal as ₹ 15 lakh. However, it was observed that the waqf institution repaid only ₹ Eight lakh CWC stated it to be ₹ 11 lakh. In the absence of maintenance of DCB, the correctness of the amount repaid was unascertainable. Also, the inordinate delay in constitution of PDC resulted in unnecessary blocking up of funds.</p>

Case 3	<p>CWC sanctioned development loan of ₹ 33 lakh to Millath Education and Welfare Society (Society) and released (November 1995 and March 1997) the amount in two installments for construction of shopping complex at Davanagere. Meanwhile, KSWC also sanctioned (August 1994) a bridge loan of ₹ 11 lakh to the Society to augment resources for the initial period of construction, until release of development loan by the CWC. The Society as well as Board had furnished a joint agreement to KSWC assuring repayment of bridge loan along with welfare cess @ 5 per cent upon release of development loan.</p> <p>However, the Board released the first and second installment of development loan during November 1995 and March 1997 respectively without recovering the bridge loan with applicable welfare cess despite its agreement with the KSWC in this regard. Further, it was observed that the balance amount of the bridge loan was released (January 2003) even though the development loan was released in full and the first installment of bridge loan was not recovered.</p> <p>CWC issued legal notices (July 2004, January 2007 and February 2008) to the Society as well as the Board calling upon to pay the entire outstanding dues. Consequently, the Board issued several reminders and show cause notices to the society informing initiation of legal action for non-payment of dues. Despite this, the society failed to repay the outstanding dues.</p> <p>Thus, failure on the part of the Board in releasing the CWC loan without recovering the bridge loan and not taking any action to recover the outstanding dues by issuing recovery certificate to the District Commissioner as arrears of land revenue resulted in non-recovery of loan amounting to ₹ 48 lakh.</p>
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Appendix-4.8

(Reference: Paragraph-4.2.5.4, Page-104)

Arbitrary fixation of rent

Name of the waqf institution	Extent of commercial space (in sqft)	No of tenants	Lease period	Rent fixed / sq ft	Rent @ 5 % of Guidance value	Loss per annum (in crore)	Remarks
Muslim Orphanage, Bengaluru	76,735.50	14	11 months	₹ 12 to 49	Worked out @highest rent fixed for the same building	2.54	Though lease period was for 11 months, it was automatically renewed for 33 months, thereby avoiding the permission of the Board.
Dargah Hazrath Ataullah Shah Bada Makan, Bengaluru	83,180.7	357	NA	₹ 3.00	₹ 252	24.84	The rent which was meagre was also not recovered and the accumulated arrears worked out to ₹ 0.33 crore.
Head office of Waqf Board, Bengaluru – II Floor	3,987.64	one	3 years	₹ 27+ ₹ 10,000 per month as maintenance charges	₹ 75	0.23	Prior approval of the Board for renting out the premises was not obtained. Also, the lease was renewed twice. Further, the car parking was extended to the lessee without any additional charges. Since the agreement did not stipulate an annual increase in the rent fixed, the rent remained constant during lease period.
Head office of Waqf Board, Bengaluru – IIIFloor	4,007.38	One	3 years	₹ 25+ ₹ 15,000 per month as maintenance charges	₹ 75	0.24	

Appendix-4.9
(Reference: Paragraph-4.9, Page-119)
Progress of the “Kalagrama” project

Sl. No.	Components	Estimate	Amount utilised	Commencement date	Remarks
		(₹ in crore)			
1	Compound and welcome arch	0.15	0.39	May 2002	Welcome arch yet to be taken
2	Administration Block	0.25	0.81	December 2009	In progress
3	Lalithakala Academy (Studios/cottages/galleries)	1.00	NA	September 2013	In progress
4	Shilpakala Academy (Studios – 4)	1.00	0.10	January 2003	Completed in Feb 2004
5	Janapada Village (Museum and Training centre)	1.50	Not taken up		
6	Information centre, Promotion centre, Library	1.00			
7	Exhibition / Sales Centre	0.50			
8	Auditorium and other performing halls	7.50	7.15	January 2006	In progress
9	Open theatre	0.50	1.01	March 2005	Completed
10	Guest Rooms	0.50	Not taken		
11	Gardens / Roads	2.00	0.69	March 2003	In progress
12	Food Court	0.25	Not taken		
13	Staff Quarters	1.50			
14	Others	2.35	0.10	March 2002	In progress
	Total	20.00	10.25		

Appendix-4.10
(Reference: Paragraph-4.12, Page-123)
Procedure for rebuilding the missing file

- If the original land **grant file does not contain the grant order**, certified copies of Land Grant Register and Saguvali Chit Register should be affixed and furnished. If **land grant order does not exist** then, within 45 days Sanctioning Authority should furnish Certificate to that effect.
- If the original Land Grant file **does not have the Revenue sketch/map** then Village Accountant, Revenue Inspector and Taluk Surveyor should inspect the spot and prepare the Revenue sketch/map certified by the Tahsildar should be kept on record.
- In any circumstances if the **original land grant file is missing**, following certified documents pertaining to sanction of land should be collected and the file should be sent to Survey settlement and Land Records for bifurcation. The main purpose of this process is to prevent bogus or fraudulent records.
 - 1) Certified copies of the Saguvali Chit Register and Land Grant Register of Sanctioning Authority.
 - 2) Certified copies of Phody Register, Index of Land Register, RTC for three concurrent years and Mutation Register.
 - 3) Revenue sketch certified by Tahsildar after spot inspection by Village Accountant, Revenue Inspector and Taluk Surveyor.
- After spot verification and verification of the available documents at the office of the Sanctioning Authority, a written order should be obtained as “**missing file**” as per Section 67(2) of KLR Act 1954 within 45 days alongwith available records should be forwarded for bifurcation process.
- Concerned Officers at Land Survey office should certify that the same land has not been surveyed for this purpose.
- Certain cases where same land has been granted to more than one person, and if the land is not in possession of the grantee or if the extent is less or any dues are pending, it has been directed to conduct separate proceedings prior to making bifurcation of the land as per the procedures.

The Secretary to Government, Revenue Department had reiterated the fact vide circulars dated 30/10/2008, 6/8/2009, and 17/9/2009 that without getting confirmation from the preliminary records like original “saguvali chit and original sanction Registers” no bifurcation process should be carried out.

Further, the circular dated September, 2009 clearly emphasised on steps to be followed while rebuilding file and bifurcating a survey number on account of ‘missing file’ basis.

- To constitute a District Level Committee headed by Deputy Commissioner when reconstructing file.
- The Committee should have Regional Commissioner (Additional), Deputy Commissioners, Assistant Director Land Survey and Records and Tahsildar as members
- As per Land Survey Commissioner Circular dated 20th October, 2008 bifurcation process / work should be completed at once. After confirmation of the fact as to how many bifurcation files should be created on ‘Missing file’ basis, the survey work should be completed on the entire stretch of land at once. Individual files should not be prepared to any person even if a single requisition is received from an individual.

Appendix-4.11**(Reference: Paragraph-4.18, Page-131)****Documents to be furnished by the grantees**

Sl.No.	Documents to be furnished
1.	Original document to prove the title of the land
2.	Certified copy of the order of Special Deputy Commissioner for Inams Abolition, Bengaluru registering occupancy right of the land, Land Tribunal Orders and occupancy right if any.
3.	RTC/Pahani
4.	Mutation
5.	Revenue receipt for the year
6.	No due certificate obtained from Village Accountant
7.	No Tenancy certificate from the Special Tahsildar, Bengaluru South
8.	Upto date Encumbrance certificate for 13 years
9.	Family tree issued by Village Accountant
10.	Three Passport size photographs
11.	Passport size photos to be attested by Gazetted Officer for identification
12.	Indemnity Bond
13.	Affidavit
14.	No due certificate from Village Accountant/Tahsildar
15.	Sale Deed/Will Deed/Grant Deed and any other deeds
16.	Death Certificate/Survival Certificate/Genealogical tree (in the case of deceased)

Appendix-4.12
(Reference: Paragraph-4.18, Page-131)
Details of compensation paid by Bangalore Development Authority

SI No	Survey Number	Land Originally granted to vide order dated	Name of the person to whom compensation was paid by Bangalore Development Authority Sri/Smt	Details of compensation paid (₹)	Extent of land A - G	Details of transfer of property as per Mutation Register of the O/o Tahsildar, Bengaluru South	Reference to the entries in the Mutation Register
1	2	3	4	5	5	6	7
1	49 (I)	DD-4/dt 7/3/56 2 acres each to Munishama, Mara, Bellappa, Manchee, Machelliga & Yelliga	1)Vaddaramuni swamappa	₹ 71,80,949/- has been remitted in Principal City Civil Judge, Bengaluru on 7/4/03	5-00	Koddahanumaiah, Sanganpet, Bengaluru sold land to Sakkamma Kondadasappa, Anjanapura SRO 4764/71-72 dt 26/11/74	Entries not legible
2	49(II)	Not granted as per the Land Grant Records furnished to audit	2)Lakshmiddevamma w/o Mahaveersa		5-00	Krishnappa, Uttarahalli Hobli sold this land to Lakshmiddevamma w/o K.Lakshmanasa SRO 5623/71-72	Entries not legible
3	49 IV	LND/SRI/233/61- 62 dated 31-10-61 Munappa bin Nagappa 2acres	P.Srikishan	₹ 24,02,591/- has been remitted in Principal City Civil Judge, Bengaluru on 7/4/03	4-00	Muddamma w/o Hanumanthappa Gopalappa bin Muniswamy based on MR7/51-52/RR1056 who inturn sold this to SriKishan sale deed 7685/30- 12-1974	78-79/ RR-686
4	49(4)	LND/DD-355-56 dt 2/3/1956 B.Ramachandra Rao- 2 acres	1)N. Seenappa s/o Narayanappa 2)Ammaiamma w/o N.Seenappa	₹ 28,22,903/- has been paid to N.Seenappa and Smt.Ammaiamma on 28/9/2002	4-00	Sought for exchange of Khatha with survey number 77 which is in the name of Beeramma w/o Late Venkataramanappa	Mr/13/2000-01 RTC- 0361306 and 0361375
5	49(9)	LND/DD-355-56 dt 2/3/1956 Bachchnna- 2 acres	Chinnappa s/o Gullappa	₹ 28,17,847/- has been paid to Chowdappa, Munikrishna, Jayaram and Srinivas on 28/9/2002	4-00	Smt.Obamma sold this to Narasamma w/o Venkatapathy SRO3816/15-10-64	MR11-82-83 As per the Original land Grant list 4 acres of land has been granted to Smt. Obamma in sy no.49/XIII

1	2	3	4	5	5	6	7
6	49(10)	LND/DD-355-56 dt 2/3/1956 Krishnaiah bin Narasimaiah- 2 acres LND/SRI/233/61-62 dated 31-10-61 Bakshisaheeb – 2 acres	(1)Doddakomaiah bin Muniyappa (2)R.S.Devikumari w/o R.S.Shankar Prasad	*Acquired land belongs to Doddakommaiah and compensation of ₹ 14,53,363/- has been paid	2-00* 2-00	Doddakommaiah sold 2 acres to R.S.Devikumari w/o R.S. Shankar Prasad	MR-14 DATED 2000-01
7	49(11)	Not granted as per the Land Grant Records furnished to audit	Chinnappa s/o Gullappa	₹ 18,73,932/- has been paid to Chowdappa, Munikrishna, Jayaram and Srinivas on 28/9/2002	2-26	No entries found	
8	49(13) (p)	LND/SRI/233/61-62 dated 31-10-61 Smt.Obamma – 4 acres	V.Sulochana w/o Venkateshalu	₹ 7,15,318/- has been paid to V.Sulochana on 23/12/2009	1-00	a)Original grantee Obamma sold 4 acres to Narsamma w/oVenktapathy b)Narasamma sold 4 acres to N.Ramakrishna s/o N.Ramaswamappa c)V.Seenappa s/o Venkatanarasappa, Hosahalli sold 4 acres to Chikkavenkatappa s/o Venkataramanappa d)Chikkavenkatappa s/o Venkataramanappa sold 4 acres to Smt.Bhagyalakshmi w/o Muniraju e) Smt.Bhagyalakshmi w/o Muniraju sold 4 acres to different perons to Smt.V.Sulochana 2-00 MChndrashekar&K.Narasimaiah 1-00 and V.Sulochana 1-00	a)MR70-071/ RR-611 b)MR12/82-83 RR 743 c)MR 4/93-94 /RTC307 d)MR12/93-94 /RTC 307 MR57 &58 / 97-98

1	2	3	4	5	5	6	7
9	49(14) (p)	Not granted as per the Land Grant Records furnished to audit	1)K.V.Murali s/o K.T.Vishwanath 2)S.Lakshmana s/o Somanna 3)K.B.Lakshmana s/o N.Beerappa	*Acquired land belongs to K.V.Murali amount of ₹ 3,76,140/- has been remitted in Principal City Civil Judge, Bengaluru on 28/01/2003	0-21*	Krishnappa s/o Munithippaiah chikkamuniyappa sold 2 acres to K.B.Lakshmana s/o N.Beerappa S.Lakshman s/o Sampanna	MR-4/91-92
10	49(16)	Not granted as per the Land Grant Records furnished to audit	1)P.R.Bhaskar s/o P.V.Radhakrishna Gupta 2)P.R.Balaji s/o P.V.Radhakrishna Gupta	₹ 28,22794/- has been remitted in Principal City Civil Judge, Bengaluru on 07/12/2003	4-00	a)Pappaich s/o Muneppa sold 4 acres to N.Seenappa, Ananthaiah b) N.Seenappa, Ananthaiah sold 2 acres to P.R.Bhaskar & PR Balaji c) N.Seenappa, Ananthaiah sold 2 acres to P.R.Bhaskar & PR Balaji	a)MR10/97-98 b)MR-28/97-98 RTC 315 c)MR 30/97-98
11	49(17)	Not granted as per the Land Grant Records furnished to audit	1)Puttamma w/o Appanna 2)P.R.Bhaskar s/o P.V.Radhakrishna Gupta	*Acquired land belongs to Puttamma w/o Appanna Compensation of ₹ 17,63,620/- has been paid to Puttamma on 1/1/2003	2-18*	Out of 4 acres of land Smt Puttamma w/o Appanna sold 1 acre to P.R.Bhaskar s/o PV Radhakrishna	MR/2-98-99 RTC - 0361649
			TOTAL	242.30 lakh	34-26		