

This Inspection Report has been prepared on the basis of information provided by Managing Director, Garhwal Mandal Vikas Nigam Ltd. (GMVN), Dehradun. The office of the Accountant General (Audit) Uttarakhand, Dehradun disclaims any responsibility for any misinformation, non submission or submission of incomplete records.

Audit inspection of accounting records of Managing Director, Garhwal Mandal Vikas Nigam Ltd., Dehradun for the period from April 2014 to March 2016 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act 1971 read with section 143 of Companies Act 2013. Audit inspection was conducted by Shri Roshan Lal Sharma, Assistant Audit Officer, Shri Amit Kumar, Assistant Audit Officer and Shri Khub Chand, Assistant Audit Officer under the supervision of Shri B.C. Suyal, Sr. Audit Officer during the period from 27.02.2017 to 28.03.2017.

Part-I

Introduction:- The last audit of this unit was conducted by Shri. Amit Kumar Mishra, Asst. Audit Officer, Shri Vikas Dhyani, Asst. Audit Officer and Shri Sharad Chaudhary, Auditor under the partial supervision of Shri Mukesh Kumar, Sr. Audit Officer for the period October 2011 to March 2014 were examined.

(i) **Functions and geographical jurisdiction of the unit:**

GMVN is limited company owned by the Govt. of Uttarakhand. The GMVN is engaged in different business activities such as Tourism, Engineering and construction business, Gas distribution, running of Petrol Pumps, running of Industries, mining activities, etc in the state.

(ii) **Auditing methodology and scope of audit:**

GMVN was covered in the audit. This inspection report is based on findings of audit and April 2014 and March 2016 were selected for detailed examination.

(iii)

Year	Revenue	Expenditure	Profit/-Loss
2014-15	1593245775	1757610017	-164364242
2015-16	2020786748	2109808507	-89021759

(iv) Organisational structure of the unit and reporting lines.

The GMVN is engaged in different business activities such as Tourism, Engineering and construction business, Industries activities, Mining activities and Marketing activities- Gas distribution and Petrol Pumps, etc in the state. Each unit is headed by the General Manager who is subordinated to the Managing Director.

Part IIA

Para 1: Non imposition of liquidated damages on the contractor.

Kumbh Mela Officer 2016 Haridwar, had sanctioned (24 September 2015) Rs.1731.68 lakh to GMVN (including Rs. 114.35 lakh as centage and Rs.16.81 lakh as contingency) to GMVN for construction of Pre Engineered Building of VIP Guest House at Haridwar. The work was to be completed in four months. Nigam invited (03 September 2015) short term enquiry as advised by the Government with scheduled date of opening bids on 10 September 2015. Only two bidders submitted their bids and work was awarded (14 October 2015) to M/s Niagara Metals India Ltd. with scheduled date of completion of work by 13 February 2016.

As per clause 5.1 of agreement, if the bidder fails to install and to commission the system or complete the work within the given period the bidder shall be liable to pay liquidated damages and not by way of penalty a sum equal to 0.5% (half *per cent*) of the contract value per week of delay subject to maximum of 5 per cent of the contract value.

Scrutiny of records revealed that against the scheduled date of completion i.e.13 February 2016, the work was yet to be completed so far (March-2017). On the request of the contractor, time extension of 350 days (upto 29 January 2017) has been granted by the Nigam without imposing liquidated damages.

Review of records revealed that out of 350 days extension, grant of 190 days extension was not justified as detailed below:-

- i) Extension 61 days was granted on account of delay occurred in replacement and rebinding of steel work as the tor steel supplied by the contractor was not found conforming to relevant IS code. Since the delay was occurred due to defective material supplied by the contractor, hence delay attributed to the contractor.
- ii) Extension of 62 days was granted as on account of heavy rain occurred during 1/07/2016 to 31/08/2016. Extension granted was not justified as supporting paper/documents indicating that heavy raining causing disruption of work for complete two months was not available in the file. Further, as per daily diary available for the period 1 July to 15 July 2016, the work was not carried out only for one day (03 July 2016) during said period. However, daily diary for the period 16 July to 31 August 2016 was not available in the records..
- iii) Extension of 67 days (from 9-11-2016 to 15-01-2017) was granted due to shortage of legally tender currency which hampered progress of work after announcement of demonetization. Extension granted was not justifiable as demonetization had no direct co-relation with the progress of work.

As per contractual terms liquidated damages of Rs 80 lakh should have been imposed on the contractor as the delay of 190 days attributes to the contractor. Grant of time extension without imposing LD has resulted in loss of Rs 80 .00 lakh.

In this regard, the following information may be supplied on priority basis:

1. Copy of Third Party inspection report on tor steel supplied by the contractor alongwith details during which the defective material was replaced by the contractor.
2. Status of latest physical progress.

Reply to the para is awaited.

Para 2: Non deduction of worker welfare cess

Government of India notified (19 August 1996) an act 'The Building and other Construction Workers' Welfare Cess Act, 1996' with a view to augment the welfare resources of the building and other construction workers. As per the act, cess was to be levied and collected at such rates not exceeding two per cent, but not less than one per cent of cost of construction incurred by an employer. The proceeds of the cess collected was to be paid to the Board (means a Building and Other Construction Workers' Welfare Board constituted by the State Government). The Government of Uttarakhand vide orders dated 31 October 2005 made the said Act applicable with immediate effect and instructed to deduct one *per cent* from the contractor's bills for Labour Cess and remit it to the Uttarakhand Building and Other Construction Workers Welfare Board. Further, if any amount of cess payable by any employer is not deposited, within one month from the date of completion of work or within the time in the order of the assessment, whichever is earlier, the employer shall be liable to pay interest on the amount to be paid at the rate of two *per cent* for every month or part of a month till such amount is actually paid.

Accordingly, the Nigam was required to deduct labour welfare cess at the rate of one *per cent* of the cost of construction (after deducting the cost of collection of such cess, not exceeding one *per cent* of the amount collected) from the bills of contractor engaged for the construction of Tourist Rest House ,etc.and remit the amount of cess so deducted to the cess authorities.

Scrutiny of records revealed that, the Nigam has not started the recovery of cess from the contractor's bill and remitting the same till date (Feb 2017). Test check of records for the period 2014-15 to 2015-16, audit noticed that the cess equivalent to one *per cent* of cost of construction amounting to Rs.24.55 lakh was neither collected from the bills of various contractors nor deposited to the Board (Annexure-1).

Non-recovery of the same from the contractor's bills has resulted in violation the provisions of Cess Rules 1998.

Reply to the para is awaited.

Para 3-Awarding of contract to an un- eligible bidder.

Kumbh Mela Officer 2016 Haridwar, sanctioned (24 September 2015) Rs.1731.68 lakh (including Rs. 114.35 lakh as centage and Rs.16.81 lakh as contingency amount) to GMVN for construction of Pre Engineered Building of VIP Guest House at Haridwar. The work was to be completed in four months. As per advice of the government, GMVN invited (3 September 2015) tender with scheduled date of opening bids on 10 September 2015. Only two bidders submitted their bids. Work was awarded (14 October 2015) to L-1 bidder M/s Niagara Metals India Ltd. with scheduled date of completion of work by 13 February 2016.

As per tender conditions technical and financial pre qualifications fixed for the bidders were as below:-

1. The bidder shall submit the experience certificate of one similar nature of work *i.e.* Multi Storied Pre Engineered Steel Structure Building (Minimum G+2) executed under single order with minimum value of Rs 17 crore in any one year of the last 5 years.
2. The bidder should have had minimum annual financial turnover (gross) of Rs 25 crore in any one year during the last 5 years, ending March 2015.

In this regard audit observed that considering the fact that the **work was to be completed in 4 month**, the technical and financial pre-qualifications fixed for the bidders were not adequate as elaborated below:-

- i. Since the work was to be completed in 4 months , the technical pre qualification of the bidder **‘that the bidder should have completed similar nature of work valuing Rs 17 crore in any one of year’** should have been **the bidder should have completed similar nature of work valuing Rs. 51 crore (Rs 17.00 crore X 3) in any one year**, as the no bidder which has ability to complete the work (Rs. 17.00 crore in 12 months) can complete the same work in 4 months.
- ii. Similarly fixation of annual turnover criteria *i.e.* Rs 25 crore in any one year was also on very lower side as the work valuing Rs 16 crore was to be completed in 4 months. Hence, annual turnover criteria should have been minimum Rs 75 crore in any one year to assess the financial soundness of the bidders.

Release of interest free Mobilization Advance against Procurement Rules 2008

As per clause 3.1 of agreement, 10% of the total cost on turn key basis can be requested as mobilization advance against bank guarantee which will be deducted or adjusted form each running bills. As per Uttarakhand Procurement Rules 2008 “ordinarily, mobilization advance to

the contractors are prohibited and payment should be made only against work done. However, if advance required it may be given with interest bearing”.

During the scrutiny of record it was seen that the Nigam had sanctioned interest free mobilization advance of Rs. 1,14,01,114/- to the contractor on 6/11/2015. Thus release of interest free mobilization advance was against the Procurement Rule-2008. It was, however, also observed that the Nigam has recovered the advance from the running bills submitted by the contractor during May 2016 to November 2016. The contractor enjoyed the interest free advance for a period of 205 to 378 days .Due to grant of interest free advance, the Nigam lost the opportunity to recover the interest of Rs 21.90 lakh (@ 12 *per cent*) from the contractor.

Awarding of contract against the tender conditions

Against the tender, only two bidders viz. , M/s Lloyd Insulations India Ltd. and M/s Niagara Metals India Ltd submitted their bids. M/s Niagara stood L-1 at Rs. 1673.98 lakh. As the quoted price were higher than the estimated cost (Rs 16.00 crore), the GMVN negotiated the price with M/s Niagara at a price of Rs. 1600.28 lakh. The work was awarded (4 October 2015) to M/s Niagara Metals India Ltd .with scheduled period work completion in 4 months *i.e.* by 13 February 2016.

Scrutiny of records revealed that against the technical pre qualification (completion of single order with minimum value of Rs 17.00 crore in any one year) the M/s Niagara had submitted **experience certificate** of completion of **work valuing Rs 47.14 crore in two years**. However, M/s Niagara was declared successful bidder.

In this regard audit observed that declaration of M/s Niagara as successful bidder and awarding of work to M/s Niagara was not justified as M/s Niagara had not submitted any certificate of completion of work valuing minimum of Rs 17 crore in any one year . Awarding of work to M/s Niagara might have been considered as justified, had the pre-qualification criteria been “completion of single order with minimum value of Rs 17 crore in any one year or Rs 34 crore in two years or Rs 51 crore in three years etc.”

Reply to the para is awaited.

Para 4: Avoidable liability of interest under section 234A and 234B of Income Tax Act 1965.

M/s Garhwal Mandal Vikas Nigam Ltd. (GMVN) is limited company owned by the Govt. of Uttarakhand. The GMVN is engaged in different business activities such as Tourism, Engineering and construction business, Gas distribution, running of Petrol Pumps, running of Industries, mining activities, etc in the state.

GMVN e-filed its return of income for the assessment year 2014-15 related to the previous year 2013-14 on 30.11.2014 and declared the total loss of the Rs. 11.54 crore & made a claim of Rs. 1.00 crore of refund of Income tax.

The income tax department selected the case for scrutiny and verification of books of accounts and documents on the basis of which Income Tax return was filed. A notice under section 143(2) under the Income Tax Act 1965 (IT Act) was issued (15.09.2015) to the GMVN. Further, a notice u/s 142(1) of the IT Act was issued by IT department in October 2015 requiring certain documents. Further, the case was referred u/s 143(2A) and special audit of the same was conducted by the IT department through the Chartered Accountant firm who submitted its audit report to IT department as well as to GMVN. As per the audit report, The GMVN had additional income of Rs. 25.77 crore which converted declared loss (Rs 11.54 crore) of GMVN into profit by Rs 14.23 crore. As per report liabilities of Rs 18.13 crore were disallowed being very old. Further, expenses of Rs 7.64 crore were disallowed being booked twice. Accordingly, IT department raised (Feb 2017) the notice of demand under section 156 of the IT Act, 1961 the tax liability of Rs. 5.51 crore including the interest of Rs. 1.49 crore (Rs. 0.08 crore under section 234A and Rs. 1.41 crore under section 234 B¹).

Though the GMVN admitted its default and accepted income of Rs. 7.64 crore, however, disagreed for disallowance of liabilities of Rs 18.13 crore. However, failed to produce requisite supporting papers. Thus due to booking of expenses twice and creating liabilities without having supporting paper, the GMVN is likely to bear interest on additional tax liability by Rs. 1.49 crore.

Management in reply stated that the GMVN has gone into appeal (March 2017).

¹ Interest on advance tax if the advance tax paid is less than 90% of 'assessed tax'.

Para 5:- Diversion of fund of Rs.138.97 lakh.

The Government of India(GOI) on proposal of the Uttarakhand Tourism Development Board, Dehradun approved (June 2013) Eco-Tourism around Holy Dargah of Hazrat Alauddin Ali Ahmad Al Sabir (Sabir Kaliyear) near Haridwar in Uttarakhand under Product/Infrastructure Development of Destination and Circuit Scheme with Central Financial Assistance of Rs.798.92 lakh for different work. The Construction of Foot over Bridge in Piran Kaliyer amounting to Rs. 170.00 lakh was one of the major work of the scheme. The works were to be executed through the Garhwal Mandal Vikas Nigam Limited (GMVN), Dehradun who had been given an undertaking, that land for the project available free of cost. As per the clause of 13 of GOI Section “ the implementing agency will not keep the amount released by Central Government unutilized for more than six months. In case the funds cannot by utilized by such time the same will have to by surrendered to Central Government with interest or their formal approval should be taken to transfer/adjust the amount against other Central financial assisted projects.

Scrutiny of records of the GMVN, Dehradun revealed that GOI had released Rs. 138.95 lakh out of Rs. 170.00 lakh in Nov. 2014 for constructed of Foot Over Bridge in Piraan Kaliyar.

Scrutiny of records revealed that the GMVN approached (22 May 2014) to UP Irrigation Department for issuance of NOC to construct the foot over bridge. In reply, the Irrigation Department stated (25 February 2015) that a NOC has already been issued (22 July 2014) to the PWD, Roorkee by the UP Government for the same work, hence issuance of NOC to the GMVN was not possible.

Though the Nigam came to know (February 2015) that the construction of foot over bridge by the GMVN was not possible and it was required to refund the same to the central govt., the Nigam utilized the amount in other works without getting formal approval from Central Govt.

Management’s reply and supply of details of work where the said amount of Rs 138.95 lakh was utilized by the Nigam is still awaited.

Part II B

Para 1: Release of advance without obtaining Bank Guarantee.

The Government of India (GoI) on the proposal of the Uttarakhand Tourism Development Board, Dehradun approved (March 2014) a project under Integrated Development of Tourism Infrastructure for different work *i.e.* Wayside amenities, Tourist Rest House (TRH), Bio-toilets etc. under Panch Prayag circuit in Chamoli District at a cost of Rs. 719.25 lakh. A grant amounting to Rs. 103.75 lakh was released by the Tourism Department during 2014-15 to the Garhwal Mandal Vikas Nigam Limited (GMVN) for construction of a TRH at Nand Prayag under the afrosaid project. Subsequently, GMVN invited tender and contract was awarded (22.Nov.2014) to M/s Loom Crafts Shade Systems Pvt. Ltd. being L-1 at contract price of Rs. 131.73 lakh. The work completion period was 09 month from awarding the contract. *i.e.* by 21.08.2015.

Contractual terms for payment were as below:

1. Against supply of materials- 50% of the total cost on turn key basis as advance against bank guarantee
2. On Erection of G/F- 20% of the total cost.
3. On Erection of F/F- 20% of the total cost.
4. On satisfactory construction, commissioning and handing over of the project- 10% of the total cost.

Further, as per agreement, performance bank guarantee (Performance Security) was to be provided by the Contractor to the Nigam for an amount of 5% of the contract price or estimated cost of the work, whichever was higher.

During scrutiny of records it was seen that Nigam had released Rs. 15.00 lakh (15-12-2014) and Rs.41.00 lakh (15-01-2015) to the contractor without taking any Bank Guarantee against the supply of the materials. On the request of the contractor as per letter dated 17-04-2015, the Nigam also released Rs.42.80 lakh to the contractor without submitting any bill. Hence, the total advance of Rs. 98.90 lakh was released to the contractor without obtaining BG which was 75 *per cent* of the contract value. As per Uttarakhand Procurement Rules 2008 Advance payments should not exceed 30% of the contract value to private firms.

Hence, payment made to M/s Loom Crafts Shade Systems Pvt. Ltd. was in violation of Procurement Rules 2008. It was observed that neither the BG called for by the GMVN nor the same was submitted by the contractor till date (March 2017). The construction work was not completed by the contractor till date.

Reply to the para is awaited.

Para 2: Non rent out of office building in NOIDA- Rs. 108.98 lakh.

The Garwhal Mandal Vikas Nigam (Corporation) has taken a plot on lease (January 2000) measuring 1375 sqm from New Okhla Industrial Development Area at Block – C, Sector -62, NOIDA to construct a five story building for establishing an office in the area and also proposed to lease out the remaining space in the building. The construction of the building was completed in November 2014. Total space of 26000 sq feet is available in the building.

The Corporation invited (August 2013) tender enquiry to lease out the building. However, no bidder submitted their offer. Corporation again invited (July 2014) tender for the same. Three bidders submitted the bids for Ground floor, Ist floor and IInd floor. However, only ground floor and Ist floor (4375.42 sq feet) was leased out (February 2015) to M/s Indraprastha Academy for a period of five years at average annual rent of Rs. 22.05 lakh (Rs 35 / sq feet) per year being the highest offer.

In this regard, audit observed that date of receipt and mode of submission of bids by remaining two bidders M/s HBLs, NOIDA (dated 14 July 2014, Rs 22/sq feet) and M/s Magic Infratech, NOIDA (dated 14 July 2014, Rs 20/sq feet) was not authenticated by any officer. In the absence of authentication, genuineness of the bids can not be ascertained.

Further, though the 2nd to 5th floor (21624.58 sq feet) space was still available for leasing out the same yet, no further enquiries were floated to lease out the same so far (February 2017). Due to not initiating any further enquiry to lease out the vacant space available, the Corporation lost the opportunity to earn recurring minimum revenue of Rs. 108.98 lakh² per year.

Reply to the para is awaited.

² (2205211/4375.42) X 21624.42 (26000 less 4375.42)

Para 3: Irregularity in execution of contract.

The Government of India (GoI) on the proposal of Principal Secretary (T) Government of Uttarakhand approved (Nov. 2011) for development of Nirmal Gangotri Eco-Tourism Mega Circuit at Uttarakashi under Product/Infrastructure Development of Destination and Circuit Scheme at a cost of Rs. 50.03 crore. Under this project, for development of Eco-Tourism at Lanka & development of Eco-Tourism at Bhairon Ghati, the Garhwal Mandal Vikas Nigam Limited (GMVN) was nominated for execution of project by the Uttarakhand Tourism Development Board (UTDB). A grant amounting to Rs. 2.00 crore in March 2012 and Rs. 2.00 crore in March 2014 was released by the UTDB. Further, District Magistrate instructed (June 2012) GMVN and UTDB to prepare a proposal of transfer of forest land for construction of proposed TRH at Lanka and Bhairaoghati. The land proposal for Lanka and Bhairogati was submitted August 2012 by Regional Tourism Officer and the land in Bhairoghati was transferred to GMVN in April 2013 whereas principal approval for land in Lanka was received in December 2015, however, final approval is yet to be received till date.

GMVN invited tender and contract was awarded (19.05.2014) to M/s Loom Crafts Shade Systems Pvt. Ltd. being L-1 valuing Rs. 3.52 crore (At TRH Lanka Rs.1.30 crore + At TRH Bhairoghati Rs. 2.22 crore). The work completion period was 06 month from the awarding of the contract. *i.e.* by 18.11.2014. The work of construction of both the TRH is yet to be completed till date (March 2017)

In this context, audit observed the following:-

- 1- As per clause 3 (Payment Terms) of the agreement – Payment for the structural work shall be made as per following schedule.
 - Against supply of materials- 50% of the total cost on turn key basis as advance against bank guarantee
 - On Erection of G/F- 20% of the total cost.
 - On Erection of F/F- 20% of the total cost.
 - On satisfactory construction, commissioning and handing over of the project- 10% of the total cost.

GMVN released advance of Rs. 1.28 crore³ (23.09.2014) being 36.36 *per cent* of the contract value to contractor against the material worth Rs. 1.71 crore without obtaining any Bank Guarantee against the advance which was violation of terms of the contract.

³ Advance to Lanka project Rs. 0.49 crore against material of Rs. 0.65 crore and advance to Bhairoghati project Rs. 0.79 crore against material of Rs. 1.06 crore.

Whereas as per Uttarakhand Procurement Rules 2008 (Rule no. 22 (1) & (2) advance payment to supplier), advance payments should not exceed 30% of the contract value.

The payment terms of contract relating to advance payment is not as per procurement rules 2008 to that extent.

- 2- Further, as per agreement performance bank guarantee (Security Deposit) shall be provided by the Contractor to the Nigam, in the case of works estimated to the cost more than Rs. 200000/- to 10% on the first Rs.100000/- & 7.5% on the next Rs. 100000/- and 5% on the balance on the estimated cost of the work. However, neither the BG and Performance Bank Guarantee called for by the GMVN nor the same was submitted by the contractor till date (March 2017).
- 3- During the review of records relating to Bhairoghati project, it was noticed that against the contract value of Rs. 2.22 crore, the contractor raised the Ist running bill relating to completion of Ground floor of Rs. 1.56 crore (70 *per cent* of contract value) and payment of the same was made after adjusting the advance of Rs 0.79 crore.

Further, contractor submitted the IInd running bill (January 2016) of Rs. 0.22 crore, GMVN paid (March 2016) the same, whereas, as per contract payment terms, the second running bill (20 *per cent* of contract value) was to be paid after erection of First floor which was yet to be completed (March 2017). This was in violation of payment terms and condition of the contract.

- 4- During the review of records relating to Lanka project, it was noticed that the GMVN received principal approval of the land December 2015 and the final approval is still awaited (March 2017). However, GMVN awarded the work (May 2014) i.e. before getting approval of the land. Further, the contractor supplied the material worth Rs. 0.65 crore which is still lying at the site (Lanka). Against this material, GMVN paid Rs. 0.49 crore as advance which is yet to be recovered or adjusted. This resulted blockage of fund of Rs. 0.49 crore.

Reply to the para is awaited.

Para 4: Delay in execution of work as well as blockade of the fund:- Rs. 79.16 lakh.

GMVN proposed a 20 bedded TRH at Parui District in 2005 and accordingly the proposal was accepted by Government of Uttarakhand and Rs. 57.00 lakh were sanctioned out of which 10 lakh were released. Further, the proposal was amended to 100 bed and finally, the proposal was finalized to 60 bed in 2011 at a total estimated cost of Rs. 329 lakh.

Afterwards, GMVN decided to build the 60 bedded TRH in two phases. In first phase, TRH with 26 Beds was to be build which was further extended by 34 beds in second phase. The total estimated cost of 26 bedded TRH was Rs. 155 lakh.

For the first phase, GMVN invited tenders in (December 2010) and work was awarded to Ms. Negi on (Mach 2011) which was to be completed in six month from award of the work. The contractor did the work of Rs. 31.66 lakh and after two time extension of six month, the contract was terminated as the State Government decided (May 2013) to get the said work done under Public Private Partnership scheme. However, Government later on decided to complete the project through Government funding.

A new tender was invited (September 2013) by the GMVN with an estimated cost of Rs. 60.28 lakh and M/s Naseem Ahmed was awarded the work in February 2014. Time completion of the same was six month form award of the work. As contractor failed to execute the work, the contract was terminated (October 2016). The tender process of is still in progress.

In this regard, in was observed that:-

- 1- The GoU granted Rs. 186.37 lakh up to August 2016 against the total sanction of Rs. 329.91 lakh, GMVN made an expenditure of Rs. 79.16 lakh and balance amount of Rs. 106.21 lakh remained with GMVN. However, as per record, only Rs. 55 lakh was with the GMVN. As per discussion with the concern official, it was apprised to audit that the remaining fund of Rs. 106.21 lakh was utilised other than this project and details of the same are not available in with them.
- 2- M/s Naseem Ahmed executed the work of Rs. 29.58 lakh against which Rs. 3.54 lakh was retained as other deduction and Rs. 1.55 lakh was retained as security deposit and payment of Rs. 24.49 lakh was paid to the contractor. As per records and as apprised by the officials concern, GMVN failed to execute the work due to fund constrain as GMVN failed to make timely payment of running bills of the contractor.

As GMVN utilised the remaining fund of Rs. 106.21 lakh other than this project resultantly payment of running bills of the contractor was delayed, this resulted in delayed execution of the work as well as blockade of the fund of Rs. 79.16 lakh.

Reply to the para is awaited.

Para 5:- Non- Maintenance of Cash book

For better financial control a corporation / company should maintain a cashbook for the maintenance of its accounts and it should be countersigned by the competent authority on monthly basis.

During test check of records in audit it was found that Nigam has seven individual sections. Each section maintain only petty cash book for its day to day cash expenditure. But no main cash book was maintained by any section. In the absence of which issue of check/ payment through check to other parties are recorded in the check register only. It is also pertinent to mention here reconciliation of bank balance with the cash book is also not possible in this case.

Reply to the para is awaited.

Para 6: Non-maintenance of service books of the employees.

As per the general administration rules, a service book of every permanent employee is to be maintained in which every matter relating to service matters of the employee are to be recorded e.g. date of joining in Government service, date of promotion, matters relating to pay fixation calculation of leave etc. Thus, the service book is the most important document for a company/Nigam as well as a Government employee. It is required to be maintained statutorily also.

During scrutiny of Service books of the employees, audit noticed that service books of the employees are not being maintained properly and the following short coming noticed:-

- 1- The yearly service verification of the employee was not available in the service books.
- 2- The yearly increment of 3 *per cent* in the pay of the employees is being granted on in the month of July and January, as the case may be. It was noticed that entry of the increment granted to the employee was not available in the Service books since 2014.
- 3- The Earned Leave account was not maintained properly and same was not even verified by the official concerned.

This being a serious lapse on the part of the Management needs immediate attention.

Reply to the para is awaited.

Part III

(In this part, detail of unsettled paras of previous inspection reports to be reported in below given format.)

Detail of unsettled paras of previous inspection reports:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B	Total
1.	4/1995 to 3/1996	01	04	2
2.	4/1996 to 3/1997	02	01	2
3.	4/1997 to 3/1999	1,3,7	-	3
4.	4/1999 to 3/2000	4,7,11	-	3
5.	4/2000 to 3/2001	1	2	2
6.	4/2001 to 3/2002	2,3	2,3	4
7.	4/2002 to 3/2003	1,2,3,6,7	-	5
8.	4/2003 to 3/2004	3	5,6	3
9.	4/2004 to 3/2008	1,3,4	1,2,5,6,7	8
10.	4/2008 to 3/2009	1,2,3,4	1,2,3,4,5	9
11.	4/2009 to 9/2010	1	2,4,6,7,9	5
12.	10/2010 to 9/2011	1,2,3,4	1,2,3,4,6	9
13.	11/2011 to 3/2014	1,2,3,4,5	1,2,3,4,5	10

Compliance report of unsettled paras of previous inspection report-

Inspection report period and number	Para No. Audit observation	Compliance report	Comments of Audit Party	Remarks
-	-	-	-	-

Part IV

Best practices of the unit

-----NIL-----

Part V

Acknowledgement

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Managing Director, Garhwal Mandal Vikas Nigam Ltd. and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

2. Though following documents were not produced during audit:

NIL

3. Persistent irregularities.

Nigam has seven individual sections. Each section maintain only petty cash book for its day to day cash expenditure. But no main cash book was maintained by any section.

4. The following officers held the charge of head of the office during the audit period:

SI No	Name	Designation	Period
1	Shri Dr. R. Rajesh Kumar	Managing Director	10.07.2013 to 14.08.2014
2	Shri. Anand Srivastava	Managing Director	19.09.2014 to 18.01.2015
3	Shri. C. Ravi Shankar.	Managing Director	19.01.2015 to 31.03.2016

Minor and operational irregularities which could not be resolved at the time of audit and have been included in Temporary Audit Note with the request that the compliance report on the same may be sent to Sr. DAG/DAG within one month of receipt of the letter.

Sr. Audit Officer/ES-1