

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

for the year ended March 2017

**Government of Karnataka
Report No.2 of the year 2018**

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Preface

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2017 has been prepared for submission to the Governor of Karnataka under Article 151 (2) of the Constitution to be tabled in the State Legislature.

The report contains significant results of performance audit and compliance audit of the Departments and Autonomous Bodies of Departments of the Government of Karnataka under the General and Social Sectors including Departments of Backward Classes and Welfare, Education, Health and Family Welfare Services, Home, Housing, Labour, Medical Education, 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 2016-17 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 2016-17 are also included, wherever found necessary.

The audit was 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 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 important results of audit to the notice of the State Legislature. 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 issue directives that will lead to improved management, 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 compliance audit and follow-up on previous Audit Reports. Chapter-II and Chapter-III of this report contains findings arising out of Performance Audit and Information Systems Audit respectively of selected programmes/activities/Departments. Chapter-IV contains observations arising out of compliance audit in Government Departments and Autonomous Bodies.

1.2 Auditee Profile

The Accountant General (General & Social Sector Audit), Karnataka, Bengaluru, conducts audit of expenditure under the General and Social Services Sectors 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 of the Government of Karnataka during the year 2015-16 and 2016-17 is given in **Table-1** below:

Table-1: Summary of fiscal transactions in 2016-17

(₹ in crore)

Receipts			Disbursements				
	2015-16	2016-17		2015-16	2016-17		
Section-A Revenue				Total	Non-Plan	Plan	Total
Revenue Receipts	1,18,817.31	1,33,213.79	Revenue Expenditure	1,17,028.58	83,958.99	47,961.76	1,31,920.75
Tax revenue	75,550.18	82,956.13	General Services	30,799.28	31,152.93	111.63	31,264.56
Non-tax revenue	5,355.04	5,794.53	Social Services	46,307.08	24,653.32	29,895.92	54,549.24
Share of Union taxes/duties	23,983.34	28,759.94	Economic Services	33,846.17	23,840.45	16,580.92	40,421.37
Grants-in-aid and contributions from GOI	13,928.75	15,703.19	Grants-in-aid and contributions	6,076.05	4,312.29	1,373.29	5,685.58
Section-B: Capital and others:							
Misc. Capital receipts	352.30	26.96	Capital Outlay	20,713.03	466.08	27,684.35	28,150.43
			General Services	991.41	33.42	1,026.97	1,060.39
			Social Services	5,313.91	213.80	6,683.04	6,896.84
			Economic Services	14,407.71	218.86	19,974.34	20,193.20
Recoveries of Loans and Advances	59.68	99.84	Loans and Advances disbursed	656.41	5.31	1,929.07	1,934.38
Public debt receipts**	21,072.33	31,155.92	Repayment of public debt**	4,110.20	7,420.24	-	7,420.24
Contingency Fund	-	-	Contingency Fund	-	-	-	-
Public Account Receipts	1,60,518.76	1,79,318.45	Public Account disbursements	1,55,094.83	-	-	1,67,153.81
Opening Cash Balance	23,900.90	27,118.23	Closing Cash Balance	27,118.23	-	-	34,353.58
Total	3,24,721.28	3,70,933.19	Total	3,24,721.28			3,70,933.19

Source: Finance Accounts 2016-17

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

1.3 Authority for conducting Audit

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, give the Comptroller and Auditor General (C&AG) of India the authority for conducting Audit. 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 substantially funded by the Government. Principles and

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 anybody 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.

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 Accountant General (G&SSA), Karnataka, Bengaluru

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

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 to be tabled in the State Legislature.

During 2016-17, in the General & Social Sector Audit Wing, 6,200 party days were used to carry out audit of 519 units and to conduct one performance audit, one information systems audit and one thematic audit.

1.6 Significant audit observations

In the last few years, Audit 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 audit of programmes/activities/Departments

The present report contains one performance audit. The highlights are given in the following paragraphs:

1.6.1.1 Modernisation of Police Force

The Government of India launched the Modernisation of Police Force (MPF) Scheme in order to supplement the efforts of the State Government to modernise the police force in order to effectively face the emerging challenges to internal security. A performance audit of the implementation of the Scheme during the period 2012-13 to 2016-17 revealed the following:

- There was delay of at least four months in submission of all Annual Action Plans (AAPs) by the Department to the Ministry of Home Affairs (MHA). This not only delayed approval of AAPs by MHA but also led to delay in release and utilisation of funds.

(Paragraph 2.1.6.3)

- The delay in release as well as utilisation of Central and State share of funds resulted in loss of central grants during 2013-14 and 2014-15 to the extent of ₹66.31 crore.

(Paragraph 2.1.7.1)

- The Department incurred expenditure of ₹10.26 crore on office equipment, consultancy fees, annual maintenance fees, etc., which were inadmissible under MPF scheme.

(Paragraph 2.1.7.3)

- Out of 60 test-checked police stations, physical infrastructure such as barracks, toilets, witness examination room and separate lockup facility for men and women were inadequate in 43, 34, 41 and 20 police stations respectively.

(Paragraph 2.1.8.2)

- Though the Department procured arms under MPF scheme during 2012-13 to 2016-17, shortages *vis-à-vis* Bureau of Police Research and Development (BPR&D) scales were observed in respect of 5.56 mm INSAS, 0.303 Truncated Rifle, T.G. Gun 37/38 mm etc.

(Paragraph 2.1.9.1)

- During 2012-13 to 2016-17, there was hardly any improvement in the number of vehicles available under this scheme as the condemnation of old and obsolete vehicles exceeded the procurement of new vehicles.

(Paragraph 2.1.10.1)

- The Department lagged in adopting modern technology for communication, as the communication sets available with it were analog. Further, the Department could not procure modern digital communication equipment due to delay in obtaining Wireless Operating Licence.

(Paragraphs 2.1.11.1 and 2.1.11.2)

- In three test-checked training institutes, trainees were deprived of training in various modern weapons due to non-functioning of fire arms simulator. Further, one training school was functioning without necessary obstacles required for outdoor training. In addition, audit observed shortage of outdoor trainers when compared to prescribed BPR&D norms in two out of three test-checked training institutes.

(Paragraph 2.1.13)

- The Special Police Forces viz. Coastal Police Stations, Special Weapons and Tactics Team, Anti-sabotage Check Wing and Anti Naxal Force are neither adequately equipped nor trained to the optimal extent. **(Paragraph 2.1.14)**
- Implementation of Megacity Policing was delayed for more than two years depriving the city police of extensive CCTV surveillance and upgraded Dial 100 Systems. **(Paragraph 2.1.15)**

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 'Sajala' Revenue Billing & Collection System in Bangalore Water Supply and Sewerage Board

Bangalore Water Supply and Sewerage Board (BWSSB) implemented 'Sajala' Revenue Billing and Collection System with an objective to improve accuracy in bill payments, hassle free service and allow better monitoring controls to top management. An Information System Audit of 'Sajala' for the period 2012-13 to 2016-17 revealed the following:

- Absence of password policies, insecure operations over Hyper Text Transfer Protocol coupled with incomplete audit trails indicated poor appreciation of the need for security. **(Paragraphs 3.1.8.1, 3.1.8.2 and 3.1.8.3)**
- Due to inconsistencies in data and non-validation of data, the information in the system was unreliable and BWSSB was exposed to the risk of incorrect decision making and risks of incorrect billing. **(Paragraph 3.1.10)**
- Gaps in billing and non-generation of bills periodically resulted in non-levy of meter charges amounting to ₹1.11 crore for unbilled periods. **(Paragraph 3.1.6.3)**
- Incorrect application of business rules resulted in short levy of Meter charges on working meters to the extent of ₹1.41 lakh (loss of revenue) and excess levy of meter charges on non-working meters to the extent of ₹3.94 crore. **(Paragraph 3.1.6.4)**
- Levy of penalties towards Rainwater Harvesting and Occupation Certificate was poorly implemented resulting in non-levy of ₹3.08 crore. **(Paragraphs 3.1.6.5 & 3.1.6.6)**
- Strategic advantages arising from the centralisation of 'Sajala' Billing and Collection Software were not understood and utilised by the Senior Management of BWSSB. **(Paragraphs 3.1.8.5)**

1.6.3 Compliance audit

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

1.6.3.1 Thematic Audit on appointment, promotion and pay-fixation of Teaching staff

UGC/AICTE/MCI regulations are applicable to Universities, Degree Colleges, Engineering/Polytechnic colleges and Medical Colleges for appointment, promotions and pay-fixation of teaching staff. The objective of prescribing minimum qualifications for teaching posts by UGC/AICTE/MCI is to maintain excellence in standards of higher education by appointing highly qualified teaching staff, which would be defeated if rules & regulations regarding appointment and promotion are not complied with effectively. During audit, we observed the following deviations in the procedures for appointment, promotion and extension of pay scales:

- Sixty-seven candidates were appointed as teaching staff of Universities/ Degree Colleges/Engineering Colleges without adhering to requirement of all India advertisement and/or constitution of selection committee.
- Thirty-four teaching staff were appointed even though the candidates did not possess the mandatory essential qualifications and/or NET/SLET qualification or Ph.D.
- Five lecturers of five polytechnic colleges were promoted as Principals even though they did not possess requisite qualification as prescribed by AICTE. DTE had given notional promotions to 25 teaching staff with effect from an incorrect date, which resulted in extending promotion to the candidates during ineligible period.
- Audit observed extension of UGC/AICTE pay scales to 924 teaching staff, who did not possess qualification *i.e.*, NET/SLET or Ph.D, which was a mandatory condition prescribed by the UGC in 136 test-checked Degree/ B.Ed/Law colleges and nine Universities.

(Paragraph 4.1)

1.6.3.2 Other audit observations

Poor quality assurance by the Karnataka State Drugs Logistics and Warehousing Society resulted in distribution of non-standard quality drugs. Besides, the Society failed to recover ₹2.11 crore being the cost of these non-standard quality drugs.

(Paragraph 4.2)

Karnataka State Drugs Logistics and Warehousing Society failed to insert specific clause in the tender/contract document for availing concession on Central Excise Duty. This resulted in avoidable expenditure of ₹76.55 lakh towards purchase of ambulances.

(Paragraph 4.3)

Karnataka Housing Board delayed payment of compensation for more than 21 years in respect of 1 acre 20 guntas of land acquired at Valagerahalli, Bengaluru.

This resulted in payment of enhanced compensation of ₹15.26 crore under the Land Acquisition Act, 2013.

(Paragraph 4.4)

There was suspected embezzlement of ₹20,000 in Karnataka State Child Labour Eradication Society by fraudulently manipulating the invoices presented for payment.

(Paragraph 4.5)

In five districts, there were huge variations in the number of students to whom uniforms were distributed under Vidya Vikasa Yojane during 2015-16 and 2016-17 when compared to the student strength as per Unified District Information System for Education data. This indicated that there was a possibility of excess distribution of uniforms worth ₹1.72 crore in five districts.

(Paragraph 4.6)

Excess acquisition of 0.24 acres of land by the Revenue Department and its transfer to South Western Railways resulted in extra expenditure of ₹9.75 crore by the State Government.

(Paragraph 4.7)

Karnataka Urban Water Supply and Drainage Board adopted higher shell thickness of Mild Steel Pipes in two Water Supply Schemes to Bailahongal and Guledagudda, which resulted in avoidable expenditure of ₹1.67 crore.

(Paragraph 4.8)

Bangalore Development Authority awarded work of construction of Signal Free Corridor to a contractor without ensuring availability of land in violation of Karnataka Public Works Departmental Code. This resulted in rescinding of the contract and avoidable expenditure of ₹99.33 lakh on settlement of contractual obligations.

(Paragraph 4.9)

Executive Director of Karnataka Backward Classes Department Buildings Construction Society unauthorisedly invested ₹10.50 crore of Society funds in Mutual funds and incurred a loss of ₹1.79 crore. This loss was fraudulently misrepresented as profit of ₹0.23 crore by ignoring mutual fund investment of ₹2.13 crore by Bangalore Development Authority in favour of the Society. This also resulted in a loss of ₹1.14 crore on account of interest foregone and freezing of Society's accounts to the extent of ₹4.67 crore.

(Paragraph 4.10)

1.7 Responsiveness of Government to Audit

1.7.1 Outstanding inspection reports

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 IRs, rectify the defects and omissions promptly and report their compliance to AG, who forwards a half yearly report of pending IRs to the Secretaries of the Departments to facilitate monitoring of the audit observations.

As on 31 March 2017, 189 IRs (1,206 paragraphs) were outstanding against Urban Development Department. Year-wise details of IRs and paragraphs outstanding are detailed in **Appendix-1.1**.

A review of the pending IRs, issued upto March 2017 showed that the Heads of Offices did not send even the initial replies in respect of 21 IRs containing 316 paragraphs issued between April 2008 and March 2017 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 Departments concerned between June 2017 and October 2017 to send their responses within six weeks. Government replies were received for the Performance audit, Information Systems Audit, Thematic Audit and eight out of nine paragraphs. The replies, wherever received, are 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 provides for all the departments of Government to furnish detailed explanations in the form of Action Taken Notes (ATNs) to the audit observations included in Audit Reports, within four months of their being laid on the Table of Legislature.

The administrative departments did not comply with these instructions and 16 departments as detailed in **Appendix-1.2** did not submit ATNs for 42 paragraphs for the period 1996-97 to 2015-16 even as on 30 November 2017.

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 on 30 November 2017 are detailed in **Appendix-1.3**.

Chapter-II

Performance Audit

CHAPTER II

Performance Audit

Department of Home

2.1 Modernisation of Police Force

Executive Summary

The Government of India launched the Modernisation of Police Force (MPF) Scheme in order to supplement the efforts of the State Government to modernise the police force in order to effectively face the emerging challenges to internal security. A performance audit of the implementation of the MPF scheme during the period 2012-13 to 2016-17 revealed the following:

There was delay of at least four months in submission of all Annual Action Plans (AAPs) by the Department to the Ministry of Home Affairs (MHA). This not only delayed approval of AAPs by MHA but also led to delay in release and utilisation of funds.

(Paragraph 2.1.6.3)

The delay in release as well as utilisation of Central and State share of funds resulted in loss of central grants during 2013-14 and 2014-15 to the extent of ₹ 66.31 crore.

(Paragraph 2.1.7.1)

The Department incurred expenditure of ₹10.26 crore on office equipment, consultancy fees, annual maintenance fees, *etc.*, which were inadmissible under MPF scheme.

(Paragraph 2.1.7.3)

Out of 60 test-checked police stations, physical infrastructure like barracks, toilets, witness examination room and separate lockup facility for men and women were inadequate in 43, 34, 41 and 20 police stations respectively.

(Paragraph 2.1.8.2)

Though the Department procured arms under MPF scheme during 2012-13 to 2016-17, shortages *vis-à-vis* Bureau of Police Research and Development (BPR&D) scales were observed in respect of 5.56 mm INSAS, 0.303 Truncated Rifle, T.G. Gun 37/38 mm *etc.*

(Paragraph 2.1.9.1)

During 2012-13 to 2016-17, there was hardly any improvement in number of vehicles available under this scheme as the condemnation of old and obsolete vehicles exceeded the procurement of new vehicles.

(Paragraph 2.1.10.1)

The Department lagged in adopting modern technology for communication, as the communication sets available with the department were analog. Further, it could not procure modern digital communication equipment due to delay in obtaining Wireless Operating Licence.

(Paragraphs 2.1.11.1 and 2.1.11.2)

In three test-checked training institutes, trainees were deprived of training in various modern weapons due to non-functioning of fire arms simulator. Further, one training school was functioning without necessary obstacles required for outdoor training.

In addition, audit observed shortage of outdoor trainers when compared to prescribed BPR&D norms in two out of three test-checked training institutes.

(Paragraph 2.1.13)

The Special Police Forces viz., Coastal Police Stations, Special Weapons and Tactics Team, Anti-sabotage Check Wing and Anti Naxal Force are neither equipped nor trained to the optimal extent.

(Paragraph 2.1.14)

Objective of providing city police with extensive CCTV surveillance and upgraded Dial 100 Systems was delayed for more than two years due to delay in implementation of Megacity Policing.

(Paragraph 2.1.15)

2.1.1 Introduction

Government of India (GoI) launched Modernisation of Police Force (MPF) scheme in 1969 in order to supplement the efforts of State Government to modernise the police force to effectively face challenges to internal security.

The two major objectives of MPF scheme were to fulfill the identified deficiencies in various aspects of Police Administration and to reduce the dependence of State Governments on Central Armed Police Forces and Army. The scheme aimed to achieve the above objectives by strengthening police infrastructure by way of construction of secure police stations, equipping the police stations with required mobility, modern weaponry, communication equipment, forensic labs etc. Bengaluru city in Karnataka was selected as one of the seven cities across the nation under Megacity Policing, a sub-plan of MPF scheme introduced from 2005-06. The total outlay of MPF scheme for the State, its releases and expenditure during 2012-13 to 2016-17 are ₹595.56 crore, ₹445.75 crore and ₹347.68 crore respectively. The various plan and non-plan components of MPF scheme are indicated in the **Chart-2.1**.

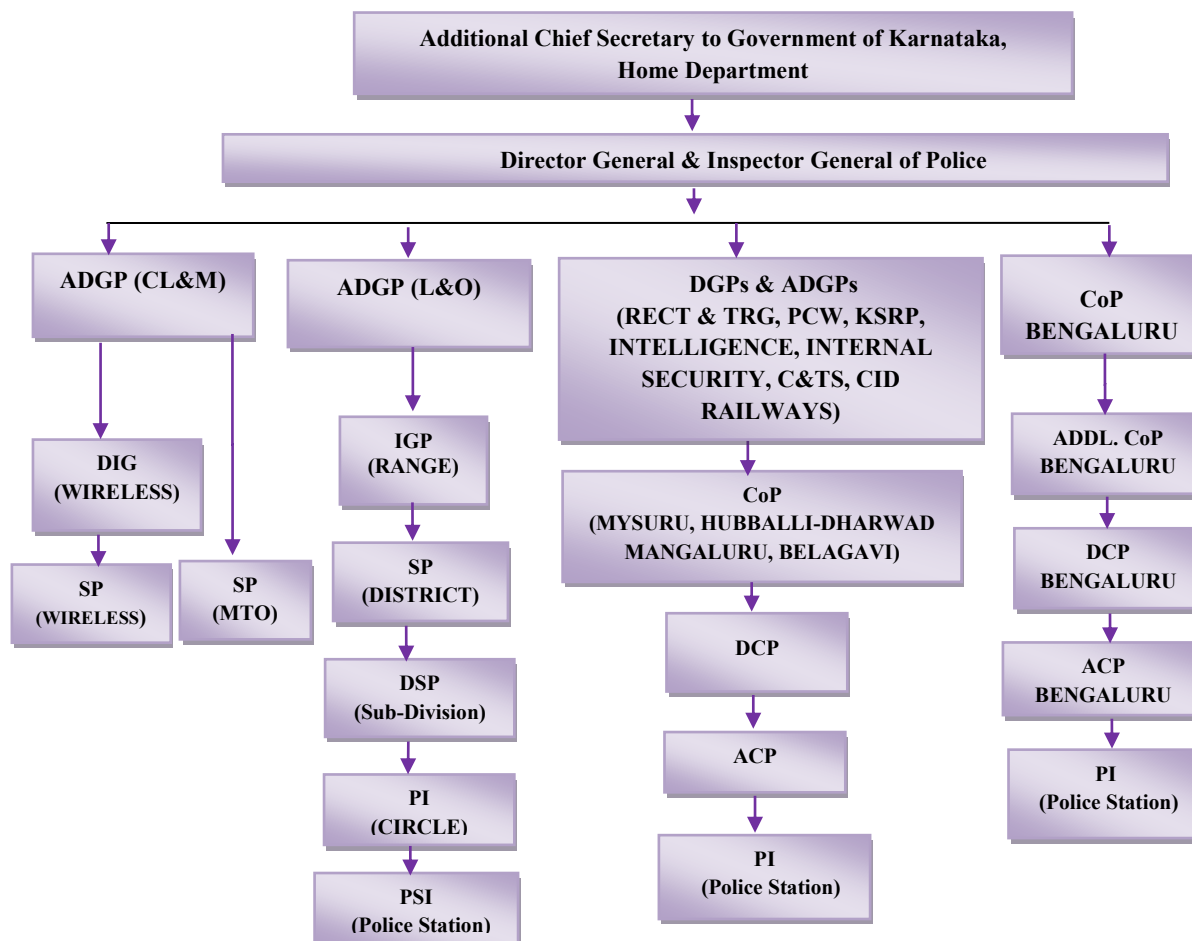
Chart-2.1: Components of MPF scheme



2.1.2 Organisational Structure

The organogram of the Police Department⁵ is indicated in **Chart-2.2** below:

Chart-2.2: Organogram of the Police Department



The Additional Director General of Police (Communication, Logistics and Modernisation) is responsible for co-ordinating various activities connected with the implementation of MPF scheme in the department. A State Level Empowered Committee (SLEC) headed by the Chief Secretary, Government of Karnataka (GoK), was constituted to oversee implementation of MPF scheme.

⁵ ADGP (CL&M)-Additional Director General of Police (Communication, Logistic and Monitoring), ADGP (L&O)-Additional Director General of Police (Law and Order), DGP (ISD)-Director General of Police (Internal Security Division), DGP (CID)-Director General of Police (Criminal Investigation Department) PCW- Police Computer Wing, KSRP- Karnataka State Reserve Police, C&TS- Crime & Technical Services, CoP- Commissioner of Police, DIG- Deputy Inspector General of Police, IGP- Inspector General of Police, SP- Superintendent of Police, MTO-Motor Transport Organisation, DCP-Deputy Commissioner of Police, DSP- Deputy Superintendent of Police, ACP- Assistant Commissioner of Police, PI- Police Inspector, PSI- Police Sub-Inspector.

2.1.3 Audit Objectives

The performance audit was conducted to analyse whether:

- Planning was need based and the funds provided were utilised for the intended purpose;
- Equipment purchased/assets created were utilised optimally and the intended benefits were attained; and
- Implementation of the scheme was effectively monitored and impact of the scheme evaluated.

2.1.4 Audit Criteria

The audit findings were benchmarked against the following criteria:

- Norms prescribed by Bureau of Police Research and Development (BPR&D);
- Scheme guidelines and instructions issued by GOI;
- Karnataka Transparency in Public Procurement Act (KTPP), 1999; and
- Karnataka Police Manual, 1988.

2.1.5 Scope and methodology of audit

The performance audit commenced with an Entry Conference held (February 2017) with the Additional Chief Secretary (ACS), Home Department, in which audit scope and methodology was explained. Review of the implementation of MPF scheme and other modernisation activities in police department was conducted during January 2017 to July 2017 covering the period 2012-17 through test-check of records of the offices of ACS (Home), DG&IGP, DGP (ISD), DGP (CID), ADGP (L&O), ADGP (CL&M), ADGP (C&TS), ADGP (KSRP), ADGP (Int.), ADGP (T&R) and Karnataka State Police Housing and Infrastructure Development Corporation (KSPHC), besides the records of three⁶ CoP and offices of Superintendents of Police (SP) in eight⁷ districts selected by adopting sampling method based on Probability Proportional to Size Without Replacement (PPSWOR). Sixty out of 247 police stations, which existed in the test-checked eight districts were selected based on Simple Random Sampling without Replacement⁸ (SRSWOR) (details in **Appendix-2.1**). Four Reserve Police Battalions, three Regional Forensic Science Laboratories (RFSL) and three Police Training Centres/Schools (PTC/PTS), which existed in the test-checked eight districts were also audited.

⁶ Belagavi, Bengaluru and Mysuru.

⁷ Ballari, Belagavi, Bengaluru, Kalaburagi, Mysuru, Shivamogga, Tumakuru and Udupi.

⁸ One fourth of the sub-divisions under each selected district were selected by Simple Random Sampling without Replacement (SRSWOR) method. In the selected sub-divisions, one fourth of the police circles (minimum two) were again selected by SRSWOR method. In the selected circles, one town police station and one rural police station are selected by SRSWOR method.

The methodology adopted by audit included scrutiny of files and documents, collection of data through analysis of documents, responses given by authorities to audit enquiries/questionnaires/proforma and joint inspection of police stations.

Audit Findings

As of January 2017, the actual police-population ratio of Karnataka was 145 per one lakh population against sanctioned police-population ratio of 183 per one lakh population, national average of 198 per one lakh population and United Nations norms of 222 per one lakh population. Representation of women in Karnataka police is at five *per cent* of working strength against a desired representation of up to 33 *per cent* as per Ministry of Home Affairs (MHA) advisories issued from time to time.

During the Exit conference (November 2017), the Department agreed that shortages in manpower existed. It further stated that the current policy in the State was to raise the representation of women to 20 *per cent* and efforts were on to recruit more police officials especially women.

Since the representation of women in Karnataka is below the national average (seven *per cent*) as well as that of the neighbouring states (12 *per cent* in Tamilnadu, 11 *per cent* in Maharashtra and six *per cent* in Kerala), the Department needs to consider framing and implement an action plan for recruitment of women on top priority. Further, since the actual police-population ratio is far below the sanctioned police-population ratio, Government should fill the vacancies at the earliest.

Audit observations regarding MPF scheme are detailed in subsequent paragraphs:

2.1.6 Planning

Based on the strategic plan, the State Government was to prepare an Annual Action Plan (AAP) each year, which was to be approved by the GoI. AAP was to be prepared after taking inputs from various implementing units and submitted to MHA, GoI, after its approval by the SLEC.

2.1.6.1 Non-adherence to guidelines in preparation of strategic plan

GoI issued instructions (December 2010) to prepare strategic plan for the period 2011-2016. In response to the GoI instructions, a committee under ADGP (C&TS) prepared (June 2011) a strategic plan, which contained component-wise targets for five years. In the absence of analysis in terms of core elements, Audit could not ascertain the basis on which component wise targets were fixed. We also observed that though SLEC approved (June 2011) strategic plan was submitted to MHA (July 2011), no records were available to confirm if the plan was approved by the GoI.

Further, though the State Government instructed (July 2016) DG & IGP to prepare a strategic plan covering the period 2017-2020, action in this regard is yet to be initiated.

In the Exit Conference (November 2017), the Government agreed that preparation of strategic plan was essential for identifying the gaps and prioritising its needs. Further, Government replied (December 2017) that the strategic action plan for 2017-2020 would be prepared and submitted to the Government.

2.1.6.2 Preparation of Annual Action Plan (AAP)

The AAPs should include gap analysis and fix physical and financial targets, while translating the strategic plan into implementation steps. However, the AAPs of the State for the last five years *i.e.* during 2012-17, mentioned only the items to be procured and the cost associated with each item and did not include vital details such as availability, deficiency, priority, status of procurement, methods of procurement *etc.* We observed several deviations and prolonged delays in procurement of weapons and communication equipment (Paragraphs 2.1.9 and 2.1.11), which could be attributed to lack of adequate planning and prior assessment of requirement, availability, priority, mode of procurement, *etc.* Further, AAPs also did not match with the strategic plan prepared for 2011-16 as indicated in **Table-2.1** though some of the missing components in AAPs were actually implemented.

Table-2.1: Instances where AAP did not match with strategic plan

Component	As per Strategic plan	As per Annual Action Plans
Weaponry	Modern Weaponry such as Assault Rifle, Sub-Machine Gun, Pistols, Sniper Rifles, Glock Pistols <i>etc.</i>	Except Sub-Machine Gun and Pistols, other modern weaponry were not planned.
Mobility	Bullet proof vehicles, Rapid Intervention vehicles (RIV), Police Control Room (PCR) vans, Operational vehicles for Law and Order, buses for armed reserves and two wheelers.	Bullet proof vehicles, RIVs <i>etc.</i> , were not planned.
Communication	Digital wireless network for all districts and tetra radio trunking system for all major cities, command control system, Dial 100 system.	Except Dial 100 system for Hubballi, Mangaluru, Mysuru and Belagavi, the other components were not planned and implemented.
Megacity Policing	PCR vans, RIV vehicles, Mobile Command and Control vehicles, Live finger print scanners, CCTV, Call Detail Record (CDR) analysis software and e-beat system.	Mobile Command and Control vehicles, Live finger print scanners, CDR analysis software and e-beat system were not planned.
Equipment for police stations	Solar power packs, Biometric equipment for attendance, Digital display, CDR analysis investigation system.	The components mentioned in the strategic plan were not planned and implemented.
Training Infrastructure	Audio visual teaching aids, laboratories, models of practical training and simulators.	Except audio visual teaching aids, other components were not planned.

(Source: Information provided by ADGP (CL&M))

Government accepted (December 2017) the audit observation and stated that it was noted for future reference.

2.1.6.3 Delay in submission of AAP

The target date for submission of AAPs and approval of AAPs by MHA is January of previous financial year and April of the financial year to which the AAP pertains. However, we observed that all AAPs during 2012-13 to 2016-17 were submitted by the Department to MHA with a delay of at least four months as detailed in **Table-2.2**.

Table-2.2: Timeline of submission of AAP and approvals received

Year	Submission of AAP to MHA		
	Target Date	Actual Date	Delay(in days)
2012-13	15-01-2012	30-05-2012	136
2013-14	15-01-2013	21-05-2013	126
2014-15	15-01-2014	02-06-2014	138
2015-16	15-01-2015	23-05-2015	128
2016-17	15-01-2016	16-09-2016	245

(Source: Information furnished by ADGP (CL&M))

Delayed submission and consequent delay in approvals of AAPs delayed the release and utilisation of funds, which resulted in loss of central grants as discussed in paragraph 2.1.7.1.

The Government replied (December 2017) that guidelines for the scheme comes up only in the month of March every year and by the time, requirements of all units are consolidated and requisite approvals are obtained, a lot of time goes by. While assuring that such delays would be avoided in future, it stated that 2015-16 funds will be utilised by December 2017 and 2016-17 funds will be utilised by March 2018.

2.1.6.4 Deviation from approved AAP

As per the scheme guidelines, any modifications in the approved AAP are to be got approved by SLEC and then, MHA. Further, frequent and major modifications of AAP also indicated that AAPs proposed were not need-based and/or realistic. The instances of deviations from the approved AAP without approval of MHA are discussed below:

- AAP for the year 2013-14 was approved with an amount of ₹118.78 crore under plan head for construction of police stations, outposts, residential and non-residential buildings *etc.* Based on the approved AAP, GoI released (September 2013) an amount of ₹71.27 crore towards the central share. However, the sites for construction of police stations (10 out of 29 police stations) were not identified even though the central share was released. Location of three police stations had to be changed since a building was already existing in those areas. Location of another seven police stations was changed on account of non-availability of sites. This indicated that AAPs were prepared without properly assessing the requirements and/or ensuring the land availability, which was in contradiction to the Karnataka Public Works Department Code.

The Government replied (December 2017) that the deviations to AAPs were approved by SLEC (May 2014) on account of litigation and urgent need to construct police stations.

- Under megacity scheme, CoP Bengaluru planned (2013-2015) to procure the vehicles indicated in **Table-2.3** under mobility component:

Table-2.3: Vehicles planned under Megacity Policing

SI No	Name of the vehicle	Nos.	Cost per unit (in ₹ lakh)	Total Cost ₹ in lakh (Percentage to total)
1	PCR vans	52	6	312 (21)
2	Bomb disposal team vehicle	4	25	100 (7)
3	Mini bus to accompany very important persons (VIP) cars	2	30	60 (4)
4	Un Manned Aerial vehicle (UAV)	1	50	50 (3)
5	Bullet proof vehicle for VIP security	2	60	120 (8)
6	Canine Vans	6	15	90 (6)
7	Highway Patrol cars	7	50	350 (24)
8	RIV	24	16	384 (26)

(Source: Information furnished by the Department)

Against plan to procure eight category of vehicles for varied uses at a cost of ₹14.66 crore, the entire allocated fund was diverted (February 2016) towards procurement of 140 Toyota Innova as PCR vans. Since the DGS&D⁹ Rate Contract (RC) for Toyota Innova expired, the department then evaluated the four-wheelers available under DGS&D RC and recommended (February 2016) the purchase of 222 Maruti Suzuki “Ertiga”.

Non-procurement of one UAV despite inclusion in plan would deprive the City police of peculiar advantages of UAV as it acts as a force-multiplier through remotely controlled aerial surveillance.

Diversion of funds allocated for 24 RIVs would mean that the City police is currently inadequately equipped with only five RIVs, which play a major role in riot control and other law & order situations.

Similarly, plans of Bengaluru city police to establish a Bomb disposal squad of its own are still at infancy and even the Bomb disposal team vehicle is yet to be procured.

The Government replied (December 2017) that:

- It was planned to upgrade the existing Dial 100 system to substantially reduce the response time after receiving a distress call and to achieve the same, more number of vehicles suitable for Dial 100 and patrolling were required.
- Utilisation of UAV funds for purchase of patrolling vehicles under Dial 100 system helped the city police to improve its ‘Mobility’ which is one of the component of MPF scheme.
- During exit conference (November 2017), the Department stated that UAVs were not procured due to absence of any policy in this regard.

⁹ Directorate General of Supplies and Disposals.

- The funds for RIVs were utilised for patrolling vehicles as in case of an emergency, patrolling vehicles can be deployed to partly function as RIV by loading required material.
- The proposal (October 2014) for formation of new Bomb Detection and Disposal Team for Bengaluru city was approved by the State Government during March 2017 and hence, funds allocated out of State budget would be utilised by end of 2017-18.

The Department, however, utilised the funds for Mobility component only. Significant deviations during implementation reflects inadequate planning as the exact utility and requirement of all categories of vehicles was known even while preparing the detailed project report for megacity scheme. Further, if the lack of policy for UAV was the reason for non-procurement, UAV should not have been included in the plan.

- An amount of ₹4.35 crore allocated for training infrastructure was diverted (June 2013) to mobility stating that no further expenditure is required on training infrastructure. This was done without the approval of both SLEC as well as High Power Committee. Moreover, out of these funds, 10 Maruti Swift Dzire cars were purchased at a cost of ₹62.74 lakh and allotted to Chief offices¹⁰. Thus, an amount of ₹62.74 lakh was incurred on inadmissible items as the MPF scheme allows expenditure only on operational vehicles under Mobility component.

The Government replied (December 2017) that ratification of the said diversion would be taken up in the coming SLEC.

Recommendation-1: The State Government should prepare annual action plans with proper gap analysis and after considering all details such as requirement, availability, deficiency, status of procurement, priority etc., in order to avoid modification during implementation.

2.1.7 Financial Management

Under the MPF scheme, the Centre and the State Government were to share expenditure in the ratio of 60:40 from 2012-13 onwards. GoI released its central share to GoK except the share for weaponry component, which was directly released to Ordnance Factory Board (OFB) for supply of arms and ammunition to the State. The State Government in turn releases the Central share received along with its share to the department. Audit observations in this regard are discussed in succeeding paragraphs.

2.1.7.1 Short release, delay in release of funds and loss of grants

On the basis of AAPs, the allocation of funds, the actual release by the Centre as well as State Government under MPF scheme and the corresponding expenditure for the years 2012-13 to 2016-17 is indicated in **Table-2.4**.

¹⁰ AIGP-General, AIGP-Crime, SP-Finger Print Bureau etc.

Table-2.4: Short release, delay in release and loss of grants during 2012-13 to 2016-17

(in ₹crore)

Year	Allocation as per AAP		Unspent balance at the beginning of the year	Central share released to		Release by State Government to the department			Total available funds with the department	Expenditure (Percent of available funds)	Unspent balance at the end of the year
	Centre	State		GoK	OFB	Central share	State share	Total			
2012-13	19.49	12.99	54.72	17.35	2.14	Nil	Nil	Nil	54.72	24.53 (45)	30.19
2013-14	38.86 71.27 (P)	25.91 47.51 (P)	30.19 Nil	Nil 71.21 (P)	6.23 --	17.35 34.00 (P)	12.99 --	30.34 (2012-13) 34.00 (P)	60.53 34.00 (P)	40.75 (67) 12.36 (36) (P)	19.78 21.64 (P)
2014-15	35.56 48.30 (Mega city) 58.47 (P)	23.71 32.19 (Mega city) 38.98 (P)	19.78 21.64 (P)	Nil 40.73 (Mega city) 58.47 (P)	5.13 Nil	Nil Nil 37.27 (P)	Nil Nil 47.51 (P)	Nil Nil (Megacity) 84.78 (P)	19.78 106.42 (P)	9.22 (47) 66.63 (63) (P)	10.56 39.79 (P)
2015-16	42.70	28.46	10.56 39.79 (P)	34.66 Nil	4.79 Nil	34.66 18.50 53.16	6.75 Nil 6.75	41.41 18.50 (Megacity) 59.91	70.47 137.24 (P)	41.80 (59) 56.71 (41) (P)	28.67 80.53 (P)
2016-17	42.70	28.46	28.67 80.53 (P)	37.91 7.57 45.48 Nil	4.79 Nil	Nil 22.23 Nil	16.35 32.19 48.54 Nil	16.35 (2015-16) 54.42 (Megacity) 70.77 Nil	99.44 80.53 (P)	38.67 (39) 57.01 (71) (P)	60.77 23.51 (P)
Total	357.35	238.21		267.90	23.08	222.48	154.77	377.25		347.68	

(Source: Information furnished by ADGP (CL&M))

During 2012-13 to 2016-17, GoI and GoK released ₹290.98 crore (81 per cent) and ₹154.77 crore (65 per cent) against total allocation of ₹357.35 crore and ₹238.21 crore respectively.

In the revised scheme guidelines, it was specified that from the financial year 2013-14, complete liquidation on unspent balances was made mandatory and unless UCs were available for full amounts of funds released earlier, no further releases were to be made to the State Governments.

The release of non-Plan grants and its utilisation indicated in the **Table-2.4** is discussed below:

- During 2012-13, GoI released its share of ₹19.49 crore to GoK (₹17.35 crore) and OFB (₹2.14 crore). However, GoK did not further release this amount along with its own share to Department. Also, out of the ₹54.72 crore lying with Department from previous years' funds, it could utilise only ₹24.53 crore leaving ₹30.19 crore unutilised.
- During 2013-14 and 2014-15, due to un-utilised funds lying with department, the GoI did not release its allocated share to GoK and released ₹6.23 crore and ₹5.13 crore to OFB during 2013-14 and 2014-15 respectively. This resulted in a loss of central assistance to the tune of ₹32.63 crore and ₹30.43 crore during 2013-14 and 2014-15 respectively. Further, the State Government did not release its matching share of ₹7.57¹¹ crore for the grants released by GoI to OFB directly.

¹¹ ₹4.15 crore and ₹3.42 crore for 2013-14 and 2014-15 respectively.

- During 2014-15, against central allocation of ₹48.30 crore for Megacity Policing, GoI released an amount of ₹40.73 crore only. GoK, further released the central share to the Department in the 2015-16 and its own matching share in 2016-17.
- During 2015-16, GoI released ₹39.45 crore against an allocation of ₹42.70 crore. Though GoK released entire central share received to the Department, its own share was short released by ₹19.55 crore. Out of ₹19.55 crore, ₹16.35 crore was released by GoK in 2016-17.
- During 2016-17, GoI released the entire allocated amount (₹42.70 crore) to GoK (₹37.91 crore) and OFB (₹4.79 crore). However, the amount was in-turn not further released by GoK to Department.

Thus, the delayed releases and also delay in utilisation of central and its own share resulted in loss of central grants amounting to ₹66.31 crore¹², which could otherwise have been utilised for the modernisation activities of the State police force. Since no funds were released during 2013-14 and 2014-15, the department could not carry out their activities planned for the said two years. In addition, the department also lost their State share of grants of ₹44.20 crore *i.e.* 40 *per cent* share of the Central grants lost.

The Government accepted (December 2017) the observation and stated that delays would be avoided in future.

2.1.7.2 Submission of incorrect Utilisation Certificates

The MPF scheme guidelines specified preparation of Utilisation Certificates (UCs) strictly on the basis of the Receipts and Payments account. It also specified that UCs should indicate the advances lying with the peripheral units separately.

However, we observed that even though ₹35.17 crore deposited with KSPHC remained un-utilised (**Table-2.5**), UCs furnished by the department (May 2017) for the year 2015-16 indicated utilisation as 100 *per cent* for the years 2000-01 to 2014-15 without showing the advances lying with the peripheral units.

Table-2.5: Non-plan funds deposited with KSPHC remaining unutilised

(₹in crore)

Sl. No.	Year of Action Plan	Un-utilised Grant Amount	Date of deposit	Purpose for which allocated
1	2006-07 & 2008-09	10.00	05.04.2010	Procurement of Automated Finger print Identification System for Finger Print Bureau
2	2006-07 & 2008-09	7.70	07.01.2009 & 31.03.2009	Procurement of Solar Power Packs for CCTNS
3	2008-09	1.80	21.04.2010	Digital wireless
4	2009-10	0.33	28.03.2012	Wireless Equipment
5	2010-11 & 2012-13	7.33	10.04.2014	Digital wireless walkie talkie
6	2011-12 & 2012-13	8.01	14.10.2014	CCTV to ANF/Coastal police stations
	Total	35.17		

(Source: Information furnished by KSPHC)

¹² ₹32.63 crore (2013-14), ₹30.43 crore (2014-15) and ₹3.25 crore (2015-16).

Thus, UC submitted to GoI were incorrect and inflated.

The Government replied (December 2017) that unspent balances was indicated in UCs submitted to the GoI during June 2016. However, the reply is silent with respect to UCs submitted during May 2017.

2.1.7.3 Utilisation of MPF scheme fund towards inadmissible items

The MPF scheme guidelines enlisted items which were inadmissible under the scheme. As per this list, office equipment *viz.*, fax machines, photocopier *etc.*, furniture items *viz.*, chairs, computer tables, *etc.*, vehicles such as cars, training fees, consultancy fees, expenditure on annual maintenance contract *etc.*, were inadmissible. However, we observed that inadmissible items worth ₹10.26 crore were procured. Out of this, ₹7.54 crore was incurred on providing basic facilities such as furniture, water filters, fans, chairs, separate toilets for men/women, wheel chairs for physically challenged, telephone, stationary items, computers, printers, tables and separate vehicle parking shed *etc.*, to the general public visiting police stations, which did not form part of the AAP of the said year.

In the Exit Conference (November 2017), the Department stated that the MHA was requested to permit the State to procure the said items under the state share of MPF scheme. Further, Government replied (December 2017) that the items procured were essential to run the office. It also stated that such deviations would not occur in the future.

MPF funds meant for training centres were, however, utilised towards inadmissible items even though the training centres were deprived of training infrastructure such as obstacles, simulators *etc.*, as discussed in Para 2.1.13.1 and 2.1.13.2.

2.1.7.4 Payment of Establishment, Tools and Plant charges to KSPHC for procurements carried out by the department

The State Government permitted (May 2008) KSPHC to levy Establishment, Tools and Plant (ETP) charges as decided by its Board of Directors for the works executed by them. The approved maximum ETP charges for the works pertaining to the Police Department were 10 *per cent* and five *per cent* for construction and procurement respectively. Further, the department also deposited un-utilised funds with KSPHC in order to avoid lapse of grants along with funds transferred for execution of works entrusted to it. We observed that KSPHC levied ETP charges amounting to ₹0.72 crore (**Table-2.6**) on procurements carried out by the department itself while the payments were made out of the funds deposited with KSPHC. This amount needs to be recovered from KSPHC.

Table-2.6: ETP charges levied on the procurements carried out by the department

(₹ in crore)			
Sl. No.	Procurement details	Procurement amount	ETP charges
1.	Implementation of video surveillance system in Bengaluru city	11.43	0.49
2.	Dial 100	3.79	0.20
3.	Wireless sets	0.75	0.03
	Total	15.97	0.72

(Source: Information furnished by KSPHC)

In the Exit Conference (November 2017) as well as in the Government reply (December 2017), it was stated that action was initiated to recover ETP charges at the instance of audit.

Recommendation-2: The State Government should ensure that the scheme funds are spent only on the admissible items and the UCs furnished should correctly reflect the amount lying unspent with the State Government or its implementing agencies.

Implementation of MPF scheme

The AAPs approved by MHA for the years 2012-13 to 2016-17 provided for implementation of following components of MPF scheme.

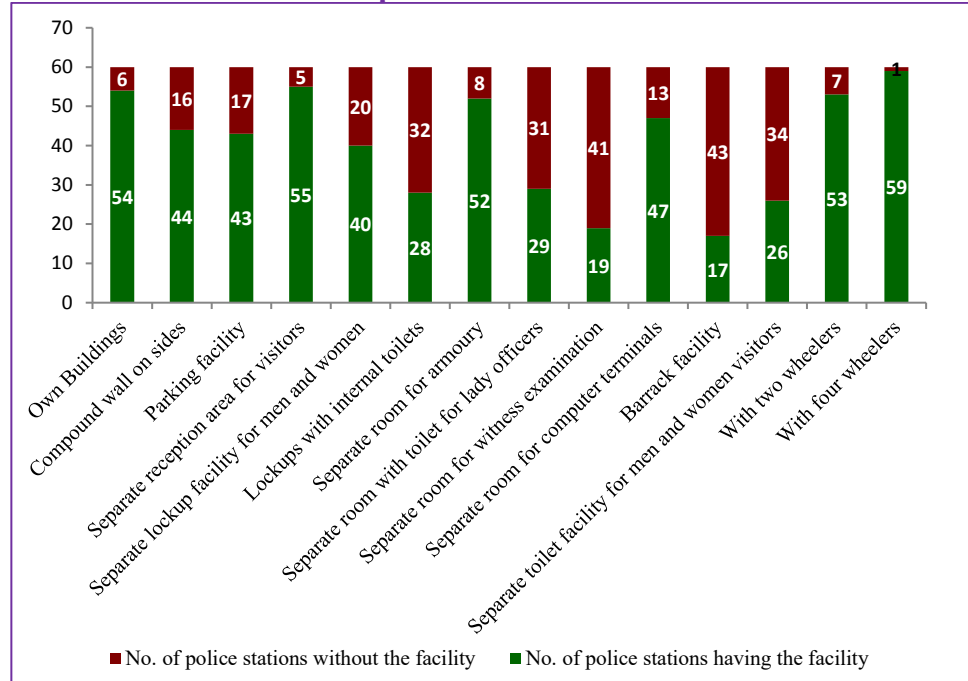
2.1.8 Infrastructure development

Construction of police stations and outposts as well as residential accommodation was one of the objectives of MPF scheme. During 2013-14 and 2014-15, an amount of ₹216.23 crore was allotted under MPF scheme for construction/upgradation of police stations, outposts and non-residential buildings. Out of the above funds, 115 works were undertaken at an estimated cost of ₹212.90 crore. As of March 2017, 109 works were completed at a cost of ₹192.71 crore and six works were ongoing.

2.1.8.1 Infrastructural deficiencies in test-checked police stations

The police station is the primary point of interaction between the citizens and police and is a key functional unit from where the police discharges its task of maintenance of law and order, investigation of cases *etc.* BPR&D revised (2015) the standards for construction of police stations incorporating features such as basic facilities for women cops, provision of community policing space, adequate barrack space *etc.* The infrastructure provided in the 60 test-checked police stations are indicated in **Chart-2.3**.

Chart-2.3: Infrastructure provided in 60 test-checked Police Stations



Out of the 60 test-checked police stations, we observed that:

- Forty one and 43 police stations did not have a separate room for witness examination and barrack facility respectively.
- There were deficiencies as regards toilet facilities as 34, 31 and 32 police stations did not have separate toilet for men and women visitors, separate room with toilet for lady officials and lockups with internal toilet respectively.

Other observations relating to infrastructural deficiencies in the 60 test-checked police stations are discussed below:

- In Doddapette police station in Shivamogga city, Ladies lockup room was used to store arms, documents and other articles and in Devaraja police station in Mysuru city, the arms were kept in the open without lock-in facility.



5 April 2017

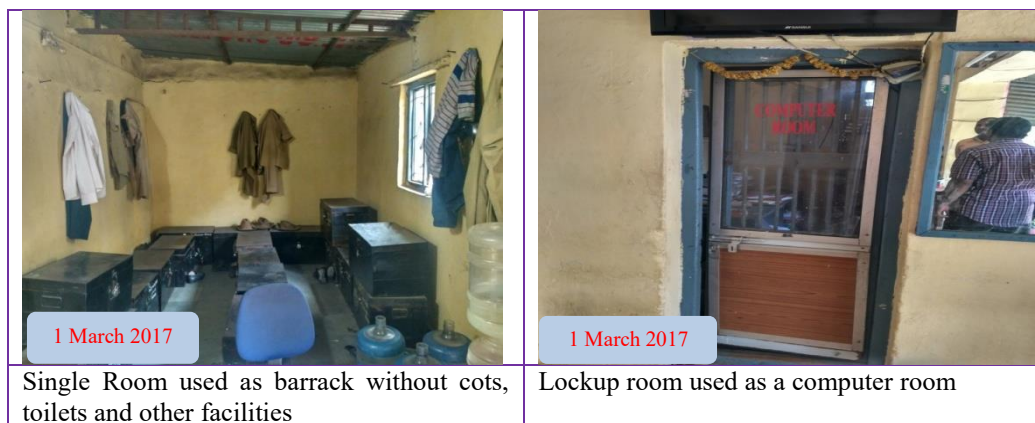
Ladies lockup room used for storing arms and other articles in Doddapette police station, Shivamogga



20 March 2017

Arms kept in the open in Devaraja Police Station, Mysuru

- The only lockup room of Grameena police station, Kalaburagi was used as computer room. Further, a single room was used as barrack without cots, toilets and other facilities.



- The Kota police station in Udupi district was functioning in an old building. Due to space constraints, old records were dumped inside the station itself. Service weapons were kept along with seized weapons. The room had no window shutters and the documents and weapons were exposed to rain and moisture.



The Government replied (December 2017) that arms of the police station of Shivamogga city and Devaraja police station of Mysuru city were shifted to the store room. It was stated that a separate lockup room, an additional barrack and toilet were arranged for the use of staff in Grameena police station, Kalaburagi. Further, it was stated that during the current year, construction of a new police station was taken up in Kota, Udupi district.

Recommendation-3: Infrastructural facilities for police stations such as strong room for arms, barrack facilities, separate toilet facilities, etc., need to be augmented.

2.1.9 Weaponry

Modern weapons are the backbone of an effective police force, without which it cannot perform effectively and maintain law and order. BPR&D devised (January 2001) scale of weapons with which, the police forces in the State are to be equipped. While GoI releases its share under weaponry component directly to OFB for supply to the State, GoK can adopt any method for procuring equipment out of its share. The status of GoK share of funds towards weaponry is indicated in **Table-2.7**.

Table-2.7: State share funds released under weaponry component of MPF

Year	Funds (₹ in crore)	Remarks
2012-13	6.29	Items received
2013-14	Nil	No allocation made
2014-15	1.19	Not released
2015-16	1.19	Released to Department but unspent
2016-17	3.19	Not released

(Source: Information furnished by the Department)

2.1.9.1 Shortage of weapons in the State

On comparison of various types of arms available with the department with the scales as prescribed by BPR&D, shortages were observed in the arms as detailed in **Table-2.8**.

Table-2.8: Shortages of arms in comparison with scales prescribed by BPR&D (as of March 2017)

Sl. No.	Types of ARMS	Minimum requirement as per BPR&D ¹³ scale	Available with department		Shortage	Percentage of shortage
			As of March 2012	As of March 2017		
1	AK 47 /5.56 Ex-Callibur	3,288	976	2,088	1,200	37
2	5.56 mm INSAS	4,109	579	1,243	2,866	70
3	12 Bore Pump Action Gun	4,896	2,912	3,581	1,315	27
4	Auto Pistol 9 mm	15,755	10,482	11,584	4,171	26
5	T.G. Gun 37/38 mm	2,682	1,565	1,839	843	31
6	0.303 Truncated Rifle	1,835	522	522	1,313	72

(Source: Information furnished by DG&IGP)

From the table, though it is noticed that there was procurement during the period 2012-13 to 2016-17, it was not to the extent required and shortages existed *vis-à-vis* the minimum requirement prescribed by BPR&D. Further, it was noticed that there was maximum shortage of 0.303 Truncated Rifle, which was essential in each police station. Thus, the objective of MPF Scheme of equipping the Police with modern weapons for bringing improvement in preparedness and striking capability of police force was not fully achieved.

Specific instances of delays in completion of procurement process are detailed below:

- As per approved action plan of 2010-11, an amount of ₹7.30 crore was allocated for purchase of weapons (400 Assault Rifles, 300 Colt –M4 and 300 Laser Sight Device for M4, 700 Auto Pistol 9mm, 20 Corner Shot Vision Sight and 500 Jump Grenades). GoK proposed (August 2011) to MHA to procure and supply the said weapons. But after non-receipt of communication from MHA in this regard, the Department sought permission (June 2014) from MHA to purchase 509 Assault Rifles, 50 Colt-M4 and 160 MP5 through State Trading Corporation (STC) by

¹³ BPR&D prescribes scale of weapons for each units *viz.*, Police Stations, District Armed Police, Armed Police Battalion, CID Special Branch, Training *etc.* Further, the type and number of arms are prescribed based on type of police stations/category of police stations *etc.*

getting 4(g) exemption under KTPP Act. MHA clarified (October 2014) that it had no role to play in purchases through STC and it can be done as per State Government rules. While the Department was waiting for State Government's decision on 4(g) exemption to STC, MHA asked (August 2014) States to revise/re-confirm their demand for Assault Rifles. At this stage, the State Government diverted entire funds of ₹7.30 crore for purchase of 3,255 AK-47 Assault Rifles and made payment (October 2015) to CRPF for its supply. CRPF is yet to supply the weapons to the department. Hence, against the intended procurement of only 400 Assault Rifles in AAP of 2010-11, the department utilised entire amount allocated towards purchase of various categories of weapons for procurement of 3,255 Assault Rifles (AK 47), which was far above the requirement of 1,200.

Thus, delay in finalising the mode of procurement and diverting entire funds for Assault Rifles resulted in the non-availability of weapons of other categories and their accessories, especially Laser Sight Device, Corner Short Vision Sight and Jump Grenades. These accessories would help in improving the effectiveness of the police force in hostile situations usually involving terrorists and hostage situations and allow the operator to see and attack an armed target without exposing the operator to counterattack.

The Government replied (December 2017) that despite repeated correspondence with MHA, no information was received. It further added that since these were imported items, MHA did not take any action to procure and supply. It also mentioned that CRPF had stated that acceptance of tender for purchase of AK-47 rifles was awaiting MHA approval.

- Multiple Grenade Launcher for door/obstacle breaching during specialised operations and Sub-Machine Gun MP-5 with silencer were required by the ISD for augmenting its operational capability for counter terrorism. Hence, as per the approved action plan of 2014-15, an amount of ₹1.19 crore was allocated from State share for procurement of weaponry such as Sub Machine Gun MP-5 SD3 with silencer, Medium Grenade Launcher 40mm and Sports Purpose Automatic Shotgun for ISD. However, the amount was not released by the State Government and thus, was once again allocated in AAP 2015-16 for the same purpose. Though the propriety article certificate was obtained from DGP (ISD) for procurement of the arms through STC, further action was not initiated depriving ISD of cutting edge technology.

The Government agreed (December 2017) that procurement of these weapons was initiated based on specific requirements of ISD. It further replied that since the Department had not done any global tendering so far, which was required for such propriety items, it was proposed to procure these weapons through STC. It added that the funds were revalidated for the year 2017-18 and action would be taken to procure these weapons after obtaining 4(g) exemption for procurement through STC.

- The percentage of shortage with respect to non-lethal weapons *i.e.*, 0.303 Truncated Rifles, Tear Gas Gun 37/38 mm and 12 Bore Pump Action Gun was 72, 31 and 27 respectively.

The Government replied (December 2017) that 0.303 truncated rifles were not easily available with any agency under the GoI and hence, it was not able to procure the 0.303 Truncated Rifles.

Thus, due to continued shortages and prolonged delays in purchase of weapons, the objective of the MPF scheme of equipping the Police with modern weapons for bringing improvement in preparedness and striking capability of police force was not achieved.

2.1.9.2 Non-availability of ammunition

Audit reviewed the availability of ammunition in all the police units across the State as on quarter ending March 2017 with respect to the arms supplied to various police units. It was observed that out of 18 police units as detailed in **Appendix-2.2**, arms were held in stock without appropriate ammunition in 16 police units. Similarly, ammunition were held in stock without appropriate arms to use them in two units. Hence, there was a need to synchronise the supply of arms and ammunition by the department in order to avoid the idling of weapons/ammunition.

Further, in Headquarters of City Armed Reserve (CAR), Bengaluru and District Armed Reserve (DAR), Mysuru, the old ammunition, which were certified (December 2016) by the competent authority as expired and unsafe to be used, were held in stock. In CAR Headquarters, Bengaluru, the entire stock of 0.38 ball/blank ammunition and 0.410 ball/blank ammunition had expired and the unit was left with no ammunition to operate the arms appropriate with the ammunition. Similarly, in DAR Mysuru, as per the certificate furnished by the competent authority (March 2017), entire stock of 0.410 ball and 0.38 blank ammunition and more than 90 *per cent* of the stock of 0.450 ball, 0.455 ball and 0.303 blank ammunition had expired. As discussed in paragraph 2.1.13.5, there were shortages in annual firing practice. By conducting the training regularly, the expiry of ammunition could be minimised. In addition, these expired ammunition must be condemned and replaced at the earliest as they are not only unfit for usage during emergency but are also unsafe for the operator.

In reply (December 2017), the Government stated that it had sought (June 2017) guidelines/procedure to dispose the expired ammunition from the CRPF.

2.1.9.3 Maintenance of arms and ammunition in test-checked police units

Maintenance of arms and ammunition is important as usage of the weapons during exigencies was vital and they should function as predicted. Non-maintenance of weapons would render their usage uncertain and the expenditure thereof wasteful.

Audit scrutiny of maintenance of arms and ammunitions in the test-checked police units revealed that in 21 out of 60 test-checked police stations in eight districts and three CoPs, apart from Police Inspectors and Police Sub-Inspectors, 9 mm pistols were allotted to Assistant Sub-Inspectors (ASIs) and Head Constables (HCs) and issued to the police stations. In turn, though the above pistols were issued to ASIs and HCs, they were kept in safe custody in the police station itself. As a result, responsibility of periodical cleaning was not fixed. In the absence of regular maintenance of the weapons, the utility of the same during exigencies could not be ensured. In addition, the weapons kept in police stations had the risk of being misused.

Though the Government, in its reply (December 2017) quoted all the provisions/standing orders that exists for cleaning and maintenance of arms both in Headquarters as well as police stations, it did not comment on the lapses pointed out by audit.

Recommendation-4: The State Government should make good the shortages of arms and expedite the purchase of weapons required for specialised operations to adequately equip the police force.

Recommendation-5: Proper mechanism to keep track of expiry of ammunition should be evolved to avoid stocking of obsolete ammunition.

2.1.10 Mobility

Mobility plays an important role in saving lives and maintaining law and order by quick deployment of personnel and is thus, an important determinant of police performance.

2.1.10.1 Non-achievement of enhancement of quantum of police vehicles

The State Government issued (December 2013) orders for condemnation of vehicles, which had run more than two lakh kilometers and were more than seven years old. We observed that in test-checked police units, out of 1,665 four wheelers, 592 (36 per cent) were eligible for condemnation (Details in **Appendix-2.3**). Further, we observed that out of the above 592 vehicles, maintenance expenditure exceeded the actual cost in respect of 60 vehicles. The continued operation of the above vehicles significantly increased the maintenance expenditure. Further, the obsolescence of vehicles was likely to have an adverse impact on effectiveness of police force.

Though the department purchased total of 1,252 four wheelers during 2012-17, fleet volume decreased as 1,334 vehicles were condemned during the same period. Thus, the department needs to ensure that the requirement should consider the shortages likely to arise due to condemnation of obsolete vehicles.

The Government agreed (December 2017) that since condemnation of all vehicles older than seven years in one go is not possible, condemnation in stages in sync with replacement was taken up.

2.1.10.2 Non-functioning of AVLS systems

The department procured (2010-12) 2,864 GPS-based Advanced Vehicle Location System (AVLS) at a cost of ₹3.73 crore with the intention of tracking and monitoring the location of the police vehicles and enabling the control rooms to instruct patrolling vehicles to reach the place of distress call quickly.

The agreement mandated the supplier to maintain the devices till the end of the warranty period and the department to pay recurring charges for software maintenance, data centre and web server maintenance, device SIM card charges, map updates *etc.* A penalty of ₹200 per day per unit was to be levied for the non-responsiveness of the firm.

We observed that the department evaluated that only 61 *per cent* of the devices were working at a given point of time and worked out the penalty to ₹18.72 crore for the period 2010-11 to 2015-16. However, the department did not take any action to recover the penalty, though it possessed a Bank guarantee (10 *per cent* of the contract value) submitted by the firm.

On a review of the functioning of the above devices in eight test-checked districts and two CoPs (details in **Appendix-2.4**), it was observed that out of 730 devices installed, all the 349 devices installed in five¹⁴ test-checked units were not functioning.

The Government replied (December 2017) that modules are dependent on various factors such as vehicle location, network, battery condition of vehicle, devices removed from/not properly connect to vehicle, improper operation by drivers *etc.*

Though network and coverage issues are genuine constraints, which are not in the control of the department, the Department is responsible for non-working of devices due to poor battery condition of vehicles and failure of drivers to operate them properly.

2.1.10.3 Non-utilisation of Command Control Vehicle of State Intelligence Department

The department procured (March 2010) a Command and Control Vehicle¹⁵ for ₹65.01 lakh under MPF scheme after following all tender procedures to enhance police surveillance for events involving huge gatherings, which are sensitive in nature, and allotted it to the police intelligence wing. As per the agreement, after the satisfactory delivery of the vehicle and on the expiry of the agreed warranty period, the vendor had to offer the department an Annual Maintenance Contract (AMC) for maintenance on mutually agreed terms and conditions.

¹⁴ SP-Belagavi, SP-Kalaburagi, SP-Mysuru, CoP-Belagavi and CoP-Mysuru.

¹⁵ Customised air conditioned vehicle with independent power source, wired and wireless IP video surveillance equipment, facility to integrate with police wireless equipment and GPS tracker and computer systems to monitor surveillance feed.

After the expiry of warranty in January 2012, the department did not make efforts to enter into an AMC and continued to utilise the vehicle. However, from February 2013, the vehicle could not be put to use for want of maintenance, logistics and performance issues. Thus, the lack of proactive action by the department to provide proper annual maintenance for such a high-end vehicle with sophisticated equipment resulted in non-utilisation of the vehicle during huge gatherings such as Mysuru Dasara, cricket matches *etc.*

The Government replied (December 2017) that a proposal (July 2017) for upgradation of the vehicle and allotting it to Police Commissionerate/Police Range has been made for its better utility.

Recommendation-6: The Department should ensure the regular maintenance of modern technology such as AVLS, Command Control Vehicle *etc.*, to optimally utilise them and prevent deterioration for want of maintenance.

2.1.11 Communication

Modern means of communication are the backbone of effective policing. At present, Very High Frequency (VHF) communication networks are deployed in all the districts and Ultra High Frequency (UHF) communication networks in the major cities of the state.

2.1.11.1 *Obsolete communication sets*

There were 43,636 communication sets available as of March 2017. Out of this, there were 13,950 analog static/vehicle mobiles and 29,446 analog walkie talkies and 240 digital walkie talkies. From the records, we observed that the sets were last procured during 2009-10 and all the sets available with the department had completed their maximum life span since the life span of wireless sets and walkie talkie was eight and six years respectively.

Further, in the eight SP offices, two Commissionerate offices and four Karnataka State Reserve Police (KSRP) battalions test-checked, we observed that out of 5,333 static/vehicle mobile and 12,990 walkie talkies installed, 3,829 static/vehicle mobiles and 9,832 walkie talkies were functioning. Further, we observed that in eight and nine SP offices/Commissionerate offices/KSRP battalions, the percentage of working static/vehicle mobiles and walkie-talkie respectively was less than 70 as detailed in **Appendix-2.5**.

In Agumbe police station, out of 14 walkie talkies issued, only four were in working condition. While two walkie talkies were issued to PSI and for sentry duty, remaining two walkie talkies were utilised for normal duty. Further, we observed that 11 police personnel assigned as Anti Naxal Force (ANF) had to perform routine combing operation without any walkie talkies. Lack of communication equipment hampered the operational ability of police force and may prove fatal during operations as reinforcements would not be available in the absence of communication links with headquarters.

In the Exit Conference (November 2017), the Government stated that wireless network connectivity issues persisted due to geographical peculiarity of the Western Ghats. Further, the Government replied (December 2017) that action is being taken to procure good digital technology sets.

Delay in procurement of digital communication equipment is discussed in the subsequent paragraph.

2.1.11.2 Delay in adoption of modern technology

The communication systems of the department as discussed in the previous paragraph were analog systems. Since it is an unsecured open channel without encryption, which could compromise the confidentiality of information/messages, the department in its strategic plan for 2011-12 to 2015-16 proposed Digital Wireless Network for all the districts and all small cities and major cities in the State in a phased manner. In this regard, we observed the following:

- Though AAPs for the years 2013-14 to 2016-17 projected allocation of ₹15.93 crore towards procurement of communication equipment, only ₹6.23 crore was released which was yet to be utilised.
- The department deposited ₹10.25 crore pertaining to the action plan years 2008-09 to 2012-13 with KSPHC, which did not have the mandate for purchase of equipment. Out of the said deposited amount, ₹0.75 crore was incurred during March 2012 towards procurement of 240 digital wireless equipment and the balance ₹9.50 crore remained unutilised for reasons such as non-finalisation of tenders and non-availability of DGS&D rate contracts in respect of telecommunication equipment. Further, the digital wireless equipment procured could not be utilised for the intended purpose due to delay in applying (March 2016) for Wireless Operating License (WOL) from the Ministry of Communication, which is yet to be obtained.
- The department after following all due tender procedures for supply, installation and maintenance of digital Very High Frequency (VHF) wireless equipment for Bengaluru, Mysuru and Belagavi cities issued (January 2016) supply order to M/s.Rolta India Limited for supply of 252 digital VHF static sets, 640 digital VHF handheld sets and 225 digital mobile sets at a cost of ₹4.46 crore. As per the supply order, the delivery and commissioning of the equipment was to be made within 150 days after issue of operating license by the user department. However, the department approached the Ministry of Communication for issue of WOL for digital networks only during March 2016 after issue of supply order even though it was aware that WOL was absolutely necessary while procuring wireless equipment as communicated by the Ministry of Communication. In the absence of WOL, the department could not procure the equipment even though supply order was issued.

The Government replied (December 2017) that due to poor response and delay in supply of digital wireless equipment by M/s.Rolta India Ltd., the earlier supply order was cancelled and new tenders were floated for procurement of the same.

The reply is not acceptable. Despite being aware of requirement of WOL for procurement of digital wireless equipment since October 2013, the department approached GoI for WOL only during March 2016. The WOL is necessary for procurement of the devices and re-tendering will not yield any result until WOL is obtained.

Thus, even after allocating ₹10.25 crore towards digitisation of wireless equipment, the department continued to utilise old and obsolete analog wireless equipment.

2.1.11.3 Avoidable liability of expenditure towards spectrum charges

Ministry of Communication issued (April 2004) a Memorandum regarding levy of spectrum charges on wireless sets being used for communication purposes. As per the Memorandum, all Government Ministries/Departments/Organisations were to pay annual spectrum charges. In the case of failure to pay spectrum charges within scheduled date, late fee at the rate of two *per cent* per month compounded annually was to be paid.

On scrutiny of records, we observed that though the department paid spectrum charges upto March 2017, late fee amounting to ₹27.83 crore charged from 2004 onwards (January 2017) was yet to be paid. Even though the department approached the Ministry of Communication for waiver of the late fee, it clarified (January 2015) that there was no provision to waive the late fee imposed after 2004. Thus, delay in payment of spectrum charges by the department resulted in avoidable liability of late fee of ₹27.83 crore.

The Government replied (December 2017) that spectrum charges were paid for the period upto March 2017 but was silent about the clarification regarding non-provision for waiver of the late fee.

Recommendation-7: The State Government should expedite the procurement of modern communication equipment to replace/supplement existing obsolete equipment. Requisite licenses to operate the communication equipment should also be obtained in a timely manner to utilise the equipment.

2.1.12 Forensic Science Laboratory

Forensic Science Laboratory (FSL) provides technical and scientific assistance to the Police department by analysing samples received/collected from the crime scenes. Karnataka police has five Regional Forensic Science Laboratories (RFSL) located at Mysuru, Mangaluru, Davanagere, Kalaburagi, and Belagavi apart from Directorate of Forensic Science Laboratory, Bengaluru (DFSL). While RFSLs have three sections *viz.*, Biology (Stains & Serology), Toxicology and Photography, DFSL deals with Chemistry, Physics, Fire arms, Questioned Documents and DNA, Forensic Psychology and Cyber Forensics.

2.1.12.1 Working of FSL

The FSLs received 21,052 cases¹⁶ with 1,08,671 exhibits under various branches during the year 2016. Audit analysed the pendency of cases and observed that at the end of May 2017, 3,946 cases were pending and out of this 1,052 cases pertained to the year 2016. Out of these, 334 cases were pending for more than a year with 39 and 99 of them pending for more than two and three years respectively. The major reasons for pendency in the FSLs are discussed in subsequent paragraphs.

2.1.12.2 Shortage in technical manpower

Cadre & Recruitment (C&R) rules for FSL staff, which were framed in 2001 sanctioned 148 technical and 135 ministerial posts. In July 2015, additional 284 technical and 25 ministerial posts were sanctioned, for which, C&R rules were approved only during August 2017. Recruitment against these posts is yet to be initiated. As of 31 March 2017, FSLs were working with 60 per cent of sanctioned strength in the technical cadre.

It was observed that all 99 cases pending for more than two years pertained to DNA section, which operates with the staff of Biology section of DFSL instead of separate technical staff.

The Government agreed (December 2017) that due to shortage of staff and substantial increase of inflow of cases, more cases were pending in DNA section. It further stated that action was initiated to fill up the vacant post in DNA centre. The Government needs to recruit qualified people against these posts and deploy the existing staff back to their parent sections.

2.1.12.3 Deployment of technical staff without requisite qualification in FSL

We observed that technical staff working in various sections of FSLs did not possess qualification/expertise required for the respective sections as detailed in **Table-2.9** below.

Table-2.9: Technical staff without requisite qualifications

Sl. No	Parent section	Post	Section in which working currently	Qualification Required for the section in which working currently	Qualification possessed
1	Biology	Assistant Director	Cyber Forensics	M.Sc (Computer Science/ Forensic Science/ Electronics/IT) or M.Tech	Ph.D, M.Sc (Zoology)
2	Biology	Scientific Officer	Questioned Documents	M.Sc (Physics/Chemistry)	M.Sc (Zoology)
3	Biology	Scientific Assistant	Questioned Documents	M.Sc (Physics/Chemistry)	M.Sc (Zoology)
4	Photography	3 Scientific Assistants	Cyber Forensics	M.Sc (Computer Science/ Forensic Science/ Electronics/IT) or M.Tech	Diploma in Cinematography

(Source: Information furnished by Director, FSL)

¹⁶ Each case involves various exhibits viz., material evidences, which require analysis.

Since the qualifications of the technical staff were not as per the requirement, it could adversely affect the quality of work output of FSL.

The Government replied (December 2017) that all the posting of the staff was based on the earlier C&R Rules, 2001. Though it was stated that C&R Rules was revised in 2017, it was silent on the action being taken in this regard.

2.1.12.4 Non-functioning of finger print scanner system

In test-checked police stations, the live finger print scanners issued for online transmission of finger print impressions to the district finger print bureau were not functioning due to software compatibility issues. Review of the records of the Director, Finger Print Bureau revealed that 226 finger print scanner systems¹⁷ were procured at a cost of ₹5.17 crore and issued (2008-11) to various police stations in the State. Since upgrading of the software/servers and replacing of scanners was still at tendering stage (October 2017), an amount of ₹10.00 crore allotted (January 2013) for the above project remained unutilised with KSPHC. In the absence of the above facility, the police stations were manually collecting the finger print data and physically handing it over to the Finger Print Bureau, which was not only time consuming but also less accurate.

The Government replied (December 2017) that the Live scanner AMC was given to a firm in September 2017 and the process of restoration and maintenance was initiated. It also stated that tender process for upgradation of software was awaiting SLEC approval.

Recommendation-8: Shortages of technical staff should be addressed to expedite the clearance of pending cases in FSLs.

2.1.13 Training

Training is essential to impart knowledge and professional skills to police personnel and to keep pace with fast growing challenges. There are 13 Police training academy/schools apart from district training centres functioning in the State. The training schools impart basic training, refresher courses, short-term courses, in-service training, *etc.* The deficiencies noticed during audit are discussed below:

2.1.13.1 Non-availability/non-functioning of equipment in training centres

- Against the minimum requirement of five weapons of each category as prescribed by BPR&D, the actual availability of weapons is indicated in **Table-2.10**.

¹⁷ Includes finger print scanner, web camera and laser printer along with live scan software.

Table-2.10: Availability of weapons in the test-checked training centres

Sl.No.	Training institutes	0.303 Drill Purpose Rifle	Truncated 0.303" rifle	Verey Light Pistols	37/38mm Tear Gas Gun	12 Bore Pump action
1.	Karnataka Police Academy (KPA), Mysuru	Nil	Nil	02	04	59
2.	Police Training Centre, Kalaburagi	Nil	Nil	Nil	02	Nil
3.	Police Training School, Khanapur	Nil	01	Nil	02	03

(Source: Information furnished by test-checked training centres)

From **Table-2.10**, it is evident that the training institutes were short of essential weapons (except for 12 Bore pump action in KPA, Mysuru) for trainees as prescribed by BPR&D. DP Rifles which were essential for arms drill/passing out parade were unavailable in all training centres.

The Government replied (December 2017) that in response to requests of training institutions to supply arms and ammunitions for training purpose, the training institutes were directed to borrow arms and ammunitions from the concerned District Police/KSRP on temporary basis as and when required.

- In PTS Khanapur, the obstacles used for outdoor trainings such as climbing rope, manila rope, monkey crawl and Burma Bridge were in unserviceable condition. Though the situation was reported (August 2016) by the Chief Drill Instructor to SP and Principal, no action was initiated for its repair. Hence, the obstacle classes, which were vital for enhancing the endurance and physical strength of the trainees were not conducted.

The Government replied (December 2017) that the obstacles were since repaired and were in good condition.

- Fire arms simulator training is a cost effective means of teaching individual/police force a broad range of modern weapons and cognitive skills. Fire arms simulator (one each) provided during 2002-2005 to the three test-checked training institutes were not functioning and since the AMC was not renewed, the required repair works were not carried out. This resulted in the trainees not being trained in various modern weapons.

The Government replied (December 2017) that since the existing simulators were very old and unserviceable, the proposal for purchase of new simulators for training institutions was in progress.

2.1.13.2 New Training centres without infrastructure

Government of Karnataka accorded (July 2015) sanction for establishing six¹⁸ new PTS. Even though one batch of constables passed out from each PTS since November 2015, these training centres were functioning without basic facilities required for training centres (31 March 2017) as detailed below:

¹⁸ Hubballi-Dharwad, Mysuru, Hassan, Kadur, Aimangala and Thanisandra.

- Since no vendors participated in the short term tenders called for procuring obstacles to the newly established training schools, the amount (₹65.00 lakh) allocated for procurement of obstacles was utilised for procurement of ineligible items under the MPF scheme viz., writing boards, water purifiers and desk with benches. Thus, the basic training was completed in the above training centres in the absence of these obstacles, which were training aids to ensure physical agility and endurance.
- Though DP rifles were prescribed for training by BPR&D, the same were not available in any of the training institutions.
- In the training syllabus, minimum of fifteen rounds of firing with 0.303 Rifles/7.62 SLR was prescribed. However, in the three¹⁹ new PTS, ammunitions required for the said training in firing were not supplied.

Hence, almost after two years since inception of these training institutions, department failed to provide the basic infrastructure and facilities required for effectively imparting the basic training.

The Government replied (December 2017) that for time being, in cases where obstacle training equipment was not available in new training schools, training on obstacles was being provided in nearby schools/KSRP/District/City police units. It was also stated that a proposal would be sent for supply of DP rifles.

2.1.13.3 Shortage of Training instructors

BPR&D in its concept paper on norms for assuring police training capacity in India, prescribed (2009) the desired minimum number of trainers for both indoor and outdoor activities in PTCs. As per these norms, one SI/Jamedar and two head constables are required for outdoor training of each platoon consisting of 30 trainees and for every three platoons, one police inspector is required apart from the supervising/supporting staff.

In two test-checked training institutes (PTC Kalaburagi and PTS Khanapur), audit analysed the staff strength available with the number²⁰ of trainees, who attended the basic training course and found that available strength of the outdoor trainers were short of prescribed norms as detailed in **Table-2.11**.

Table-2.11: Outdoor Training instructors available in training institutes

Training Institute	Training Instructors Required			Training Instructors available		
	Inspector	Sub inspector	Head constable	Inspector	Sub inspector	Head constable
PTC Kalaburagi (15 platoons [#])	5	15	30	2	3	25*
PTS Khanapur (11 platoons [#])	3	11	22	1	2	09

(Source: Information furnished by the Training centres)

[#] 30 trainees per platoon

*includes officials from KSRP and District Armed Reserve

¹⁹ Mysuru, Hubballi-Dharwad and Aimangala.

²⁰ The analysis was carried out in respect of the batches, in which maximum number of trainees attended, i.e., at PTC Kalaburagi (437 trainee APC from 10-02-2014 to 9-8-2014) and PTS Khanapura (337 trainee APC from 05-11-2012 to 23-08-2013).

Since basic training is an important aspect of moulding a police officer and requires attention and supervision, shortage of trainers was likely to have an adverse effect on the quality of training imparted.

The Government replied (December 2017) that action was being taken in this regard.

2.1.13.4 Training in handling modern weapons

Though the State was procuring AK-47 Rifles since 2004, the training syllabus for PSIs was revised only in December 2015 to include training and firing of modern weapons. However, we observed that the firing practice for SI Trainees during October 2015 to October 2016 was conducted in KPA, Mysuru using 7.62 mm SLR, 0.303 Rifles and 9 mm pistol only and not with modern weapons even though AK-47 Rifles were available. Thus, the basic training of PSIs were completed without providing exposure in handling of modern weapons.

The Government replied (December 2017) that the number of AK-47 and INSAS available in the training institutes were meagre when compared to number of trainees. It also stated that action was being taken to prepare a consolidated proposal for the procurement of modern weapons for all the training schools.

2.1.13.5 Shortage in annual firing practice

As per the instructions issued by DG&IGP (October 2011) with regard to firing practice, firing practice was to be carried out twice a year. However, we observed that the firing practice was not carried out in Belagavi district during 2012-14 and was carried out only once a year in Udupi district. Irregular conducting of firing practice was detrimental to the preparedness of police forces for attending emergency situations.

Further, there was huge shortage in attendance of officials during the annual firing practice as detailed in **Appendix-2.6**, particularly in Belagavi district, where the firing practice was attended by less than 50 *per cent* of the police personnel each year.

One of the reasons for the low turnout for the firing practice was the absence of dedicated firing ranges. Three²¹ out of eight test-checked districts did not have their own firing ranges for conducting the firing practice. In Belagavi district, firing practice was conducted utilising the firing ranges of the army and CRPF. In Mysuru district, firing practice was conducted utilising the range under the control of Mandya district. In Tumakuru district firing practice was presently being conducted in private land even though five acres of Government land was allotted (April 2015) to the department. In the absence of adequate facility, firing practice was to be conducted within the time allotted for utilising the firing ranges, which were owned by the Army/other districts/ private persons. It was observed in the test-checked districts/CoPs

²¹ Belagavi, Mysuru and Tumakuru.

that only one day was allotted to each station for firing practice and the police personnel who were allotted mandatory duties/emergency duties could not attend the practice sessions.

Recommendation-9: It should be ensured that training institutions are equipped adequately with modern systems and outdoor instructors to impart quality training to state police personnel.

2.1.14 Special Police Forces

The State Government established several special police forces/ units *viz.*, Anti Naxal Force, Special Weapons and Tactics Team (SWAT), Anti-Sabotage Check unit, Coastal Police Stations *etc.* Audit observations on the working of these Special Forces/Units are discussed below.

2.1.14.1 Coastal Police Stations

The Coastal Police Stations (CPS) were established under the Coastal Security Scheme (2005-06) with the intention of strengthening infrastructure for patrolling and surveillance of territorial waters (*i.e.*, up to 12 nautical miles from the shore), to check and counter any illegal cross-border and criminal activities using the coast or the sea. There were nine CPSs working in Karnataka. A review of the functioning of CPS revealed the following:

- There existed acute shortage of staff in CPS. Out of the total sanctioned strength of 438 police personnel under various cadres, only 170 personnel were working *i.e.* 39 *per cent* of the sanctioned strength. Vacancies were acute in the cadres of PSIs and Police Constables (PCs), where only two and 30 posts respectively were filled as of March 2017 against sanctioned posts of 47 PSI and 189 PC. The Government replied (December 2017) that all the posts were to be filled up through deputation and requests to fill up the post were made to all units.
- Similarly, huge vacancies existed in the cadre of technical staff, which included ship captain, motor launch mechanic, engine drivers *etc.* Out of 118 sanctioned posts in the technical cadre, only 31 posts were filled. In test-checked Malpe CPS, two ship captains were working on contract basis for the allotted three boats with the result that efficient boat patrolling in three shifts could not be carried out. The Government replied (December 2017) that it was difficult to find technical staff who were willing to work on consolidated salary and hence, revision of consolidated pay was under consideration.
- Out of nine CPS, four did not have any patrolling boats. In the remaining five CPS, though 15 boats were available for patrolling, three boats were under repair for periods ranging from 3 to 11 months and one boat was not operational due to a fire accident (December 2014). In reply, Government stated (December 2017) that in the second phase, though 12 boats were allocated, these were yet to be supplied by MHA.
- As per the Standard Operating Procedures (SOP) prescribed for coastal security, each CPS should have its own jetty for maintaining secrecy of operations and for the security of boats. However, none of CPS in the State

had their own jetty, even though land was identified in respect of eight CPS. The boats of the department were presently docked in jetties of port department/fisheries department/private hangers without any formal written agreement.

The Government replied (December 2017) that under Coastal Security Scheme II, land was allotted to seven CPS for construction of jetty. Further, it stated that the time frame for implementing the scheme was extended upto March 2020.

- As per SOP, police personnel posted in CPS had to be provided with training on specialised sea faring courses. However, in the test-checked Malpe CPS, we observed that none of the police personnel working were imparted such specialised training. Further, in respect of Hejmadi CPS, only four out of 15 working police personnel were provided with such training. The Government replied (December 2017) that the police personnel who work on deputation basis in CPS for five years are transferred back to their parent unit and those newly deputed were to be trained. Hence, training was a continuous process.
- Due to the shortage of personnel, in the test-checked CPS, only two police personnel were provided per patrolling boat, as against five police personnel prescribed in SOP. Further only one Sub-machine Gun was provided per patrolling boat, though SOP prescribed arms for all the crew members and police personnel involved in patrolling. The Government replied (December 2017) that on improvement in the staff position, the deployment as per SOP would be followed.
- SOP prescribed a common communication channel for the coastal police with coastguard/navy for effective coordination and security. However, no communication channel was provided for the patrolling boats available with the coastal police. The Government replied (December 2017) that tender process for installation of VHF set towers, *etc.*, for common communication system was under process.

2.1.14.2 Special Weapons and Tactics Team

To enhance the scope of armed response at the level of all police units, Special Weapons and Tactics teams (SWAT) were constituted (January 2015) in all districts with the objective to act as ‘first responder’ in crisis emanating from acts of terror, naxalism, organised crime and underworld activities. Though the teams were formed in all districts, we observed that the objectives of their formation were not fulfilled due to the following reasons:

- The officials nominated for SWAT team had to undergo training at Centre for Counter Terrorism (CCT), Kudlu. The details of training imparted to SWAT team at various Range/Commissionerate are detailed in **Table-2.12**.

Table-2.12: Details of training imparted to SWAT team

Sl. No.	Range /Commissionerate	Strength of SWAT	No of officials trained	Percentage
1.	Commissionerate (3 CAR in Bengaluru & 4 CoP)	210	58	28
2.	Central range (7 districts)	174	48	28
3.	Southern range (6 districts)	150	47	31
4.	Western range (4 districts)	96	34	35
5.	Eastern range (5 districts)	126	41	33
6.	Ballari range (3 districts)	72	15	21
7.	Northern range (5 districts)	120	45	38

(Source: Information furnished by DGP (ISD))

From the table, it is evident that only 21 to 38 *per cent* of SWAT team personnel were trained in specialised courses.

- SOP for SWAT clearly stipulated that SWAT personnel must fire their primary (rifle/carbine) and secondary weapons (pistols) minimum five days a week. In three²² test-checked units, we observed that the firing practice was carried out only twice a year along with other regular police personnel. Further, we noticed that even though SWAT team was trained in modern weapons *viz.*, AK 47, INSAS *etc.*, the team was provided with only 0.303/SLR during their annual practice.
- SOP also provided for conducting tactical reconnaissance of all vital installations, places with high footfalls and any other likely terror targets in the unit's jurisdiction in order to check the operational readiness of the force. It further stipulated that this reconnaissance report was to be shared with ISD and CCT control rooms by email/fax. Audit observed that no such reports were sent by SWAT units. In its absence, it could not be ascertained if tactical reconnaissance were being conducted regularly.

Hence, though initiative was taken to establish a specialised team in January 2015 to counter terrorist threats, it was yet to become a striking unit as intended.

The Government replied (December 2017) that against 690 slots allotted for training during the period May 2014 to August 2017, 437 personnel were trained in SWAT courses. Further, it stated that standard operating procedures would be followed henceforth in respect of firing practice as well as tactical reece of all vital installations.

2.1.14.3 Anti-Sabotage Check Wing

Anti-Sabotage Check (ASC) wing was constituted in each district to carry out initial/routine checks to negate any sabotage attempt and to detect any explosives/bombs in vital locations.

Based on the records/information made available to audit and field visits of test-checked units the following observations are offered:

²² Mysuru SP, Tumakuru SP and Mysuru CoP.

- Though ASC wings were functioning in all districts as a part of District Armed Reserve, required strength of each team were not finalised and sanctioned. As a result, Audit could not analyse the effectiveness of the wing in terms of working strength. The department stated (November 2017) that the teams were formed based on need/local situation. The reply was not acceptable as ASC wing which was to conduct routine checks could not work on *ad hoc*/temporary working strength.
- As the primary duty of ASC wing includes detection of explosives, it needs to be equipped with appropriate equipment. But as seen from the test-checked districts, all the explosive testing kits had expired during the period 2011-13. Prescribed equipment like Non-Linear Junction Detector (NLJD) and explosive detectors were also not provided. In the Exit Conference (November 2017) it was stated that action was initiated to procure the equipment.
- All district ASC wings were supplied with equipment like Door Frame Metal Detector (DFMD), Hand Held Metal Detector (HHMD) and Deep Search Metal Detector (DSMD). Though the department procured 40 DSMDs and 120 DFMDs during 2012-17, the wings proposed 207 HHMDs, 105 DFMDs and 38 DSMDs for condemnation as well. Out of test-checked eight districts and one CoP, there were less than or equal to 70 *per cent* working HHMDs in four test-checked districts and one CoP. Similarly, in four test-checked districts the percentage of working DFMDs was less than 70 *per cent* as detailed in **Appendix-2.7**.

2.1.14.4 Anti Naxal Force

In the State, 14 Anti Naxal Force (ANF) camps were functioning which carried out routine combing operations in their range of operation. As such, the personnel of ANF were required to be trained in specialised courses such as counter insurgency, jungle warfare *etc.* However, we observed that in all the 14 camps, less than 50 *per cent* of the personnel were trained in such specialised training as detailed in **Appendix-2.8**. In Thirumani camp, we observed that none of the police personnel were provided specialised training courses. The reasons for inadequate training for ANF personnel could be attributed to non-establishment of dedicated training centre for ANF which is discussed below:

- ***Delay in establishment of Jungle Camp Unit at Karkala***

The Department proposed (May 2014) establishment of Jungle Combat Unit at Kukkandoor near Karkala. The estimated cost for establishment of the training centre was ₹2.02 crore. The proposal was submitted (June 2014) to Government for its approval.

On receipt of permission of DGP, ISD (June 2014), the Department started construction of barracks for officers at first floor of the office building (₹27 lakh), training room (₹21 lakh) and barracks, kitchen and dining room for the trainees (₹50 lakh). The funds were released to Project Director, Nirmithi Kendra, Udupi district and while the construction of barracks, kitchen and dining room was completed by June 2016, the construction of training room

was yet to be completed (August 2016). Further, other basic infrastructural facilities such as water sump, toilets, obstacles track, fencing, drainage *etc.*, were not taken up. ISD wing requested (January 2017) additional funds amounting to ₹100.50 lakh for completing the above works and making the training centre operational.

Thus, construction of training centre on piecemeal basis without preparing a comprehensive plan resulted in non-establishment of the training centre for ANF forces.

The Government replied (December 2017) that the required infrastructure would be provided once funds are sanctioned.

Recommendation-10: Vacancies in coastal police stations should be filled in time bound manner to ensure effective coastal policing and prevention of illegal cross border and criminal activities.

Recommendation-11: Requisite specialised training for all the personnel deployed in Coastal police, SWAT and ANF are to be imparted in order to achieve the objective of setting up such Special Forces.

Recommendation-12: The State Government may consider creating permanent cadres for special police units instead of filling up posts through deputation for short periods in order to retain specially trained personnel.

2.1.15 Megacity Policing

2.1.15.1 Delay in implementation of Megacity Policing

GoI introduced Megacity Policing as a sub-plan under MPF scheme from 2005-06 with a view to enable police to counter specific problems of crime investigation, up-gradation of control room and installation of digital radio trunking²³ *etc.* During 2013-2015, Bengaluru city was allocated ₹80.49 crore, which included both GoI and GoK share for CCTV surveillance, Command and Control Centre, Fusion/Data Centre²⁴, Up-gradation of Dial 100 centre, Highway Patrol Vehicles and Community Policing.

Against the said allocation, while GoI released (December 2014) ₹48.30 crore, the State Government released (February 2016 and September 2016) ₹32.19 crore. However, the scheme was yet to be completed and the progress of scheme is detailed in **Table-2.13**.

²³ Radio trunking system is a two-way radio system that uses a control channel to automatically direct radio traffic.

²⁴ Data centre stores and handles data, which come to the control room for analysis to detect, prevent, apprehend and respond to criminal and terrorist activity. The fusion centre collate, categorise, analyse and subsequently convert unstructured information collected from different sources into meaningful and actionable intelligence.

Table-2.13: Implementation of Megacity Policing

Name of the component	Allocation (₹in crore)	Expenditure (₹in crore)	State of implementation
CCTV Surveillance	37.11	27.56	The tender had been finalised and supply order issued on 4 October 2016. CCTV cameras were installed in 579 locations with power cabling provided to 351 cameras and BSNL connectivity provided to 467 cameras. The work which was to be completed by April 2017 was under progress (November 2017).
Command Control Centre, Fusion data Centre and Upgradation of Dial 100 Centre	28.23	21.12	An amount of ₹1.57 crore was utilised for installation of GPS telematic services, Bengaluru city digital maps, AVLS software and server hardware in connection with up gradation of Dial 100 Centre. Further, an amount of ₹2.81 crore was utilised for purchase of 250 Mobile Data Terminals to be installed in the patrol vehicles. Tender for setting up the Command Control Centre was finalised and supply order for ₹23.85 crore was issued during January 2017. The work which was to be completed by April 17 is under progress (November 2017).
High Way Patrol Vehicles	14.65	14.65	Utilised for procurement of 222 numbers of Maruti Suzuki Ertiga PCR vans.
Community Policing	0.50	Nil	The non-technological components of the scheme such as Community Policing, reaching out through educational system, training on soft skills <i>etc</i> were yet to be carried out.
Total	80.49	63.33	

From the table, it is evident that though the scheme was to be implemented during 2013-14 and 2014-15, tender for CCTV surveillance and Command Control Centre was finalised and supply order issued during October 2016 and January 2017 respectively. Further, community policing concept was yet to be implemented.

The Government replied (December 2017) that the balance funds would be utilised by end of 2017-18.

However, delay in implementation of the scheme resulted in non-achievement of objective of providing the city police with extensive CCTV surveillance and upgraded Dial 100 system for more than two years.

2.1.16 Conclusion

The State Government should give utmost importance to strengthening its police force as the police population ratio in the state is below par. We observed that there were deficiencies at planning, implementation and monitoring stages of the scheme. Annual Action Plans were submitted with delays ranging between 126 days and 245 days, which in turn delayed approval of AAP and release of funds. Delay in receipt of funds from GoI and further delay by the State Government to release funds to the department resulted in non-utilisation of funds in respective plan year and subsequent loss of central grants due to poor pace of utilisation.

Physical infrastructure in the 60 test-checked police stations was inadequate with respect to facilities like barracks, toilets, witness examination rooms, strong rooms for arms *etc*. In terms of weaponry, we observed a mismatch between availability of arms and ammunition in test-checked police stations.

There was a shortage in availability of modern weapons when compared with BPR&D norms.

With regard to Mobility, we observed that there was hardly any improvement in number of vehicles available as the condemnation of old and obsolete vehicles far exceeded the new vehicles being purchased. All the communication sets available with the Department were analog and reached their maximum lifespan and hence were required to be condemned. Due to delay in obtaining WOL for digital equipment, the Department could not procure modern digital communication equipment nor could it put to use the equipment already procured.

Trainees were deprived of training in various modern weapons due to non-functioning of fire arms simulator in the training institute. Training schools/centres were functioning without necessary obstacles required for outdoor training. The Special Forces *viz.*, Coastal Police Stations, Special weapons and tactics team and Anti Naxal Force are neither equipped nor trained to the optimal extent.

There was a delay in implementation of the megacity policing and the scheme, which was to be completed by 2015, was not completed even after lapse of two years. Hence, upgradation of control room which was one of the major objectives of the scheme is still in its nascent stage.

Thus, the intended objective of modernising the police force was not fully achieved on account of sub-optimal performance in procurement of weapons and communication equipment as well as shortfall in training of police forces.

Chapter-III

Information Systems Audit

Chapter-III

Information Systems Audit

Department of Urban Development

3.1 'Sajala' Revenue Billing & Collection System in Bangalore Water Supply and Sewerage Board

Executive Summary

Bangalore Water Supply and Sewerage Board (BWSSB) implemented 'Sajala' Revenue Billing and Collection System with the objectives of improving accuracy in bill payments, hassle free service and better monitoring by top management. An Information System Audit of 'Sajala' for the period 2012-13 to 2016-17 revealed the following:

- Absence of password policies, insecure operations over HTTP coupled with incomplete audit trails indicated poor appreciation of the need for security.
(Paragraphs 3.1.8.1, 3.1.8.2 and 3.1.8.3)
- Due to inconsistencies in data and non-validation of data, the information in the system was unreliable and BWSSB was exposed to the risk of incorrect decision making and risks of incorrect billing.
(Paragraphs 3.1.10.1, 3.1.10.2 & 3.1.10.3)
- Gaps in billing and non-generation of bills periodically resulted in non-levy of meter charges of ₹1.11 crore for unbilled periods.
(Paragraph 3.1.6.3)
- Incorrect application of business rules resulted in short levy of meter charges on working meters of ₹1.41 lakh (loss of revenue) and excess levy of meter charges on non-working meters ₹3.94 crore.
(Paragraph 3.1.6.4)
- Levy of penalties towards Rainwater Harvesting and Occupation Certificate was poorly implemented, resulting in non-levy of ₹3.08 crore.
(Paragraphs 3.1.6.5 & 3.1.6.6)
- Strategic advantages arising from the centralisation of 'Sajala' Billing and Collection Software was not utilised by the Senior Management of BWSSB.
(Paragraphs 3.1.8.5)

3.1.1 Introduction

The Bangalore Water Supply and Sewerage Board (BWSSB) was established (October 1964) for providing water supply and sewerage system to Bengaluru city. The mandate of BWSSB is to provide adequate water supply to meet demand, creation of sewerage network and safe disposal of sewage and levy and collection of water charges on 'no loss no profit basis' in order to ensure

sustainability of the system. BWSSB implemented ‘Sajala’ Revenue Billing & Collection System with the objectives of improving accuracy in bill generation, hassle free service and better monitoring controls by top management. There are 9,28,524 connections (as on 15 March 2017), which included Domestic, Non-Domestic, Partial Non-Domestic, Sanitary connections *etc.* Each connection was allotted with a unique Revenue Register Number (RR number). BWSSB generated revenue from about 58.36 *per cent*²⁵ of the water pumped and the rest was Non-Revenue Water (NRW).

3.1.2 Organisational Structure

BWSSB functioned under the overall control of the Additional Chief Secretary, Urban Development Department. It was headed by Chairman, who was assisted by Engineer-in-Chief and 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 were supported by technical, administrative and financial staff at various levels. The ‘Sajala’ system was managed by Executive Engineer, Revenue Billing Information Technology who reports to Engineer-in-Chief.

3.1.3 Audit Objectives

The Information Systems audit was conducted to evaluate the

- Design of ‘Sajala’ and mapping of business rules in the system to ensure completeness, accuracy and the reliability of the billing system;
- The adequacy of general IT controls to ensure security, reliability and integrity of the system;
- IT Application controls built into the system for implementing Business Rules; and
- The quality of data in the information system.

3.1.4 Audit Criteria

The audit findings were benchmarked against the criteria sourced from the following:

- Bangalore Water Supply and Sewerage Board Act, 1964, and Regulations issued thereunder;
- Guidelines for Indian Government Websites, issued by Government of India;
- Information Technology (IT) Act, 2000;
- Agreements with service providers;
- eSAFE-GD220-Assessment Guidelines_ver1.0 issued by the Department of IT, Government of India; and

²⁵ Average monthly NRW for the 12 months of November 2016 to October 2017 was 41.74 *per cent.*

- Open Web Application Security Project (OWASP) Top ten 2013 vulnerabilities.

3.1.5 Scope and methodology of audit

The information systems audit commenced with an entry conference held in April 2017, in which, audit scope and methodology was explained. Detailed audit was conducted during March to September 2017 covering the period 2012-13 to 2016-17. The methodology adopted by audit included scrutiny of files and documents relating to 'Sajala', testing of functionality of applications and restoring database dumps and analysing the databases. An exit conference was held on 28 November 2017 with the Additional Chief Secretary to Government of Karnataka, Urban Development Department and the Chairman BWSSB, wherein the audit findings were discussed. The report takes into account the replies furnished by the Board/Government in response to the audit observations communicated to them.

Audit findings of 'Sajala'-Revenue Billing and Collection Software

BWSSB centralised its Billing and Collection System by migrating its two tier (client server architecture) Revenue Billing and Collection System to a web based citizen centric application 'Sajala'. The application is developed, hosted and maintained by National Informatics Centre (NIC). Analysis of the operations of 'Sajala' revealed the following:

3.1.6 Design of the system and mapping of business rules

3.1.6.1 Relationship between BWSSB and NIC

The lifecycle of an information system consists of various activities such as requirements gathering, development, testing, maintenance, creating and maintaining documentation, *etc.* There are various stakeholders such as end users, data owners, database administrators, system administrators, authorities for initiating and approving changes to the system, *etc.* It is necessary that the roles and responsibilities of various actors and the services to be provided by different actors to each other are well defined. Lack of clarity in this regard poses the risk of the actors overstepping their roles/or not undertaking/triggering the activities, which are their responsibility. BWSSB was requested to provide all files relating to project initiation and related documents such as User Requirements Specification (URS), Software Requirements Specification (SRS), allocation of roles, *etc.* Despite repeated written requests, the management did not provide any files other than SRS for the project. In the absence of URS/detailed documents, the gaps between URS and SRS could not be ascertained in audit.

3.1.6.2 Normalisation of database

Normalising a logical database design involves using formal methods to separate the data into multiple, related tables. Database normalisation is a systematic approach of decomposing tables to achieve data integrity and

eliminate undesirable characteristics like data duplication. In a normalised database, all non-key columns will be dependent only on the primary data field.

During analysis of the design of the tables and the data contained therein, we observed that implementation of normalisation principles was not done correctly as the consumer table contained 12 unique RR_numbers²⁶ assigned to two consumers each.

This was due to presence of RR_number in the consumer table, even though it was not dependent on the primary key of the table *i.e.* consumer_id and sd_id. Instead, RR_number was primary key in m_connections table, which contained consumer_id and sd_id as non-key columns. This permitted unintended duplication of RR_numbers in consumer table.

The Government accepted (December 2017) the observation and stated that the table would be revisited to remove all discrepancies.

3.1.6.3 Non-generation of bills periodically and loss of revenue for unbilled periods

For every active connection, bills have to be raised as per billing cycle. We observed that there were instances of breaks in billing. An illustrative list of breaks in billing noticed are listed in **Appendix-3.1**. However, in such cases of breaks in billing, the bill included monthly meter charges only for the month in which, bill was generated and not for the intermittent months when bill was not generated.

We analysed the data for the period from January 2014 to December 2016 and noticed breaks in billing for 1,09,817 consumers in respect of whom 5,52,611 monthly bills, which were not generated. We calculated the revenue leakage based on minimum monthly meter charges of ₹20 and the total revenue foregone worked out to ₹1.11 crore. The actual amount to be levied would be higher since we calculated the amount on the basis of minimum of monthly meter charges applicable²⁷ for Domestic connections till November 2014 and not actuals.

The Government while accepting the non-generation of bills periodically, stated in its reply (December 2017) that the process of ‘pending reading’ would be refined to mandate the raising of short amounts against unbilled periods. Also, it stated that a proposal to limit the non-billing period to two months in unforeseen events was currently under perusal in the New Metering Policy.

However, the reply was silent about loss of revenue due to non-levy of monthly meter charges for unbilled period.

²⁶ Illustrative examples: RR Number C-302357 assigned to Consumer IDs 1881 and 14645 of Sub-division SW1; RR Number E-400172 assigned to Consumer IDs 136 and 12484 of Sub-division E4, *etc.*

²⁷ Monthly meter charges were revised upwards w.e.f. 1 December 2014.

3.1.6.4 Inconsistencies in meter charges

Until March 2016, meter charges/meter service charges were leviable only on meters in working condition. Analysis of the data for the period January 2014 to December 2016 revealed the following:

- 4,782 bills of 2,777 consumers contained zero monthly meter charges though the meters were working. Illustrative list of such bills is given in **Appendix-3.2**.

We calculated the meter charges in respect of these 4,782 bills generated without monthly meter charges by taking the minimum meter charges²⁸ applicable and the short levy worked out to ₹1.41 lakh.

While ascertaining the reasons for non-levy of meter charges, we observed that 364 out of these 4,782 bills were generated without monthly meter charges as the meter charges were dependent on bore size of connection and bore size of these connections was stored as zero in 'Sajala' database.

The Government replied (December 2017) that at the instance of audit, 616 distinct RR numbers verified till date were found to have this shortcoming. It was also stated that these cases were referred to Operations and Maintenance (O&M) for compliance. Further, it agreed that since the meter charges were calculated based on the bore size and connection type, the meter charges were not raised in monthly billing due to the bore size of connection not being updated in some cases. In cases of new connections where supply of water was yet to be provided, connection type was declared as "New Connection" but no demand was raised. BWSSB stated that necessary action was being taken by the sub-divisions to update the bore size and convert the type of water connection if the water was supplied. Till date, 278 connection types were updated from "New Connection" and 91 connections were updated with correct bore size.

- Similarly, there was undue levy of meter charges on non-working meters, amounting to ₹3.94 crore. Illustrative list of such bills is given in **Appendix-3.3**.

In the exit conference (November 2017) it was stated that there was a regulation to levy meter charges irrespective of whether the meter was working or non-working. The reply is not acceptable as regulation for levying meter charges was amended only during March 2016 and until then, the meter charges were leviable only for working meters.

3.1.6.5 Penalties for non-implementation of Rain Water Harvesting (RWH) system

The BWSSB (RWH) Regulations, 2010, amended in June 2011 prescribes all existing buildings on site area of 2,400 sqft and above and proposed buildings on site area of 1200 sqft and above, to provide for RWH structures. Not complying with the above regulation, attracted penalties. The above

²⁸ ₹30 and ₹50 per month in respect of Domestic and Non-Domestic connections respectively.

regulations were to be implemented from March 2016 by BWSSB as per the Government order. Hence, RWH is one of the business rules of 'Sajala' and the site area is one of the important attributes, which has to be captured for all the connections to decide on the RWH regulations applicability.

On analysis of the data, we observed the following:

- Since implementation of RWH regulations, 25,731 new connections were granted (as on 15 March 2017) but in respect of 639 connections granted since April 2016, the site area was captured as zero.
- Out of total 8,79,837 metered connections (as on 15 March 2017), only 2,97,553 connections were stored with site area greater than zero. Out of these, 1,538 connections with site area measuring 2,400 sqft and above were not penalised despite non-implementation of RWH.
- Further, the Government in its order did not define 'partial non-domestic' consumers and hence, the system cannot levy any penalty for such category of consumers.

In the absence of sital area information for all consumers, RWH policy was rendered ineffective and audit could not ascertain the exact number of consumers who should implement RWH but did not implement.

Poor implementation of business rules for effecting RWH penalties also highlighted the need for defined change management policies, processes for assessing the change, approving the change, implementing and testing the change and a change management board to implement changes as and when they are necessitated by changes/addition of business rules.

The Government replied (December 2017) that:

- The 639 connections wherein the sital area was not captured were verified and it was found that these connections were earlier sanctioned as sanitary only and now transferred to metered (water and sanitary) connections. Provision would be made in the 'Sajala' to verify the sital area for such connections being transferred.
- Action was taken to penalise all the 1,538 connections whose sital area was 2,400 sqft and above and who did not implement RWH, from November 2017 billing cycle onwards.
- The penalty towards 'Partial Non-Domestic' connections would be implemented in 'Sajala'.

Since the objective to levy penalty was to encourage people to opt for RWH, effective implementation would aid in conservation of water.

3.1.6.6 Additional water and sanitary charges for non-submission of occupancy certificate

Production of occupancy certificate issued by Bruhat Bengaluru Mahanagara Palike or Local Authorities was mandatory for sanction of water and sanitary connection by the applicant in case of multistoried residential and non-

residential building. In case of non-production of occupancy certificate, temporary connection of water and sanitation is sanctioned subject to additional levy of 50 *per cent* and 100 *per cent* of total water and sanitary charges in respect of domestic and non-domestic consumer respectively. These rules came into effect from March 2016.

On analysis of the database, it was observed that there existed a table with fields for holding RR number, occupancy certificate number, occupancy required, occupancy submitted, occupancy date, site area, number of floors and built up area. However, the table was empty and it was not populated.

Analysis of other related tables by audit revealed that 3,555 connections were sanctioned on or after 1 April 2016 without receipt of occupancy certificates. Therefore, these connections were to be treated as temporary and subjected to additional levy of water and sanitary charges. However, we observed that in respect of the above cases, regular water and sanitary charges amounting to ₹6.16 crore were collected without levy of additional charges. Thus, poor implementation of the business rules regarding submission of occupancy certificate resulted in loss of revenue by way of additional charges worked out to ₹3.08 crore calculated conservatively²⁹.

The Government agreed (December 2017) that though ‘Sajala’ was upgraded to assist in implementing the regulation, the new feature was not effectively utilised by O&M division. It further stated that all the 3,555 cases were referred to O&M for verification and that the loss of revenue due to non-penalisation since the implementation of regulation was being calculated and raised in the current or subsequent billing cycle.

3.1.6.7 Meter Missing Connections

According to BWSSB Regulations, 1965, the consumer is responsible for any damage or tampering of the meter installed inside his premises and if on examination, any meter is found to be tampered with intentionally, consumption of water during the period since the last reading till the meter is repaired or a new meter installed, shall be calculated at twice the average monthly consumption.

During the data analysis of the billing data provided to audit for the period from July 2016 to March 2017, it was observed that out of 79,19,525 bills in the table, 7,331 records pertaining to 1,266 consumers had Meter Missing Connection (MMC). However, the water charges in respect of these bills were charged at six months’ average consumption basis instead of charging at twice the average monthly of the last six months.

The Government replied (December 2017) that ‘Sajala’ was upgraded to include a new reason ‘meter damaged intentionally’, which was to be operated by the authorised official on due inspection of the meter installed in the premises and meter found to be tampered or damaged or cut intentionally.

²⁹ Calculated considering 50 *per cent* penalty for all 3,555 connections irrespective of the type of connection.

Further, it stated that bills with the above said reason would be billed at twice the average monthly consumption for the last six months.

3.1.6.8 Demand Collection and Balance Statement

Test-check of the Demand Collection and Balance (DCB) statements generated through 'Sajala' revealed the following:

- Though the application provided facility for generating DCB statements, it was restricted to the last six months only.
- BWSSB had various items of revenue such as consumption charges for water, sanitary charges, penalty/fines for delays and dishonour of cheques, interest *etc.* However, in DCB statements while all the demands were listed, the collection was shown as a single figure without apportionment towards the different items constituting the demand.

These issues indicated inadequate stakeholder participation/requirements gathering.

The Government replied (December 2017) that now DCB reports were made available for one year. It further stated that the present system was inceptionalisised between the year 2000 and 2003 and till date, no requests were received by the users of the application or other stakeholders for breakup of the collection amount.

The reply on the fact that there were no requests for breakup of collection amount was not acceptable as maintenance of breakup of collection in terms of consumption charges of water, sanitary charges, penalty/fine was essential in order to have MIS reports, which would help the management in taking various decisions.

3.1.7 IT General Controls in Sajala

3.1.7.1 Non-maintenance of data dictionary

Data dictionary is the key to understanding the database. BWSSB was requested to furnish the data dictionary for 'Sajala' and the data dictionary so provided was studied to understand the system.

Comparison of the data dump with the data dictionary revealed that

- Out of 2,279 tables in the database dump provided to audit, the data dictionary contained details of only 77 tables. The content and description as well as the reason for existence of the remaining 2,202 tables were not documented. Further, there was no version numbering for the data dictionary which indicated that the data dictionary was not maintained as a configuration item and was not updated accordingly.
- Further, the meanings of coded values were incomplete as there were several undocumented User_ids whose purpose was known only to the developer team as it was not listed in the related lookup tables/parent tables. The nature and purpose of these ids could be understood only by scrutinising the front end source code, which introduced these IDs.

Non-maintenance of data dictionary would mean that the meaning of the coded values would be in the unaided memory of the developer team or in the source code. Hence failure to maintain data dictionary would have significant implications during change management i.e., change of system as well as personnel.

The Government confirmed in reply (December 2017) that data dictionary was not available and at the instance of audit, a detailed analysis of the tables made and categorised as used, unused and temporary tables. It also stated that necessary measures would be taken to clean the database in respect of used and temporary tables and henceforth, the data dictionary would be updated for each modification and the same would be maintained with versioning.

The reply is partly acceptable as the data dictionary is yet to be completed in respect of some important tables³⁰.

3.1.7.2 Automatic Meter Reading system

The Board approved (April 2010) the proposal for implementing Automatic Meter Reading (AMR) system for new connections. The system consists of AMR devices, Global System for Mobile Communications (GSM)/General Packet Radio Service (GPRS) transmission of readings, receipt of readings in a central server and billing based on the readings. The objectives were to avoid the burden of periodic trips to each physical location to read a meter, billing based on near real time consumption and improved billing and to avoid the billing mistakes by entering wrong reading, *etc.* The cost of AMR meters was much higher than the normal meters and ranged between ₹37,200 and ₹1,54,500 based on the bore size, which was chargeable to the consumer.

A review of data in 'Sajala' system revealed that although 2,261 connections were fitted with AMR meters as on 15 March 2017, AMR billing was done only in respect of 133 consumers accounting for 193 bills raised. This indicated poor utilisation of AMR infrastructure, which defeated the very purpose of fixing AMR meters.

In the exit conference (November 2017), BWSSB agreed that AMR billing was done in respect of only 133 consumers and also stated that it would be coming out with an AMR policy. Further, the Government replied (December 2017) that bills were being issued regularly, manually or through AMR and actions were taken to provide annual maintenance contract for all AMR meters to streamline the existing issues.

However, the reply is silent about specific reasons for non-generation of bills through AMR system.

³⁰ Suspense Consumers, tmp_c1readings, tmp_c1bills, Prorata BGS, *etc.*

3.1.8 Security, Reliability and Integrity

3.1.8.1 Security in 'Sajala'

User interaction with a web based Information System is by means of transfer of packets of information between user's computer (client) and server through the communication channels. For maintaining confidentiality and integrity of the communication, it is necessary that the communication channel should be secure. This is achieved by using HTTPS³¹, which employs SSL/TLS³² encryption.

We observed that in BWSSB, departmental users' interaction with the server was on an unencrypted channel *i.e.* HTTP³³ instead of HTTPS. This mode of communication did not guarantee confidentiality and integrity of the data being transferred.

Besides this, audit observed that the passwords of all the departmental users were stored in the database in plaintext. Since the application accepted and transmitted user ids and passwords, session keys and biometric data in plain text over the network without encryption, this rendered the application vulnerable to exposure of the biometric information and its replay by way of man in the middle attacks (OWASP Top Ten 2013 – A6 Sensitive Data Exposure).

The resultant vulnerabilities and potential for exploitation were demonstrated to BWSSB by successfully causing transactions to be recorded against a user without the concerned user affixing his/her biometric.

The Government replied (December 2017) that subsequent to audit observation, 'Sajala' was now available both in HTTP as well as HTTPS. In addition, it stated that the 'Sajala' would be completely switched over to HTTPS from 1 December 2017 onwards.

However, the 'Sajala' was available in HTTP also as on 14 December 2017.

3.1.8.2 Password management

Guidelines for Assessment of Effectiveness of Security Controls GD 220 (January 2010) published by Government of India emphasises use of quality authentication secret (password). Guidelines recommend imposing password complexities, password change on first use and after specific periods, restrictions on re-use of passwords *etc.*

In contrast, analysis of the passwords which were stored in plaintext in the database tables showed that BWSSB did not enforce any such controls of password age restriction, complexity *etc.*, indicating insufficient appreciation of importance of password security by BWSSB. These deficiencies affect the security, reliability and integrity of the system and the underlying data.

³¹ Hyper Text Transfer Protocol Secure.

³² Secure Sockets Layer/Transport Layer Security.

³³ Hyper Text Transfer Protocol.

The Government replied (December 2017) that the password policy would be implemented in a complete manner at the earliest.

3.1.8.3 Maintenance of audit trail

An audit trail serves many purposes such as establishing accountability, reversing any incorrect changes, review at a later date, *etc.* The 'Sajala' database employs triggers to track changes to various tables arising out of insert, update and delete events to provide audit trail. The audit trail was recorded in a table lying in the same database. Another trigger was set up on the said table to prevent deletion of entries from the log.

On analysis, it was observed that though there were triggers for both update and delete option, while the for update trigger recorded the pre-update and post update values of all fields that underwent a change, the delete trigger merely recorded the fact that a particular record was deleted without recording the values that were deleted. Hence, the system did not guarantee ability to review the records that were deleted.

From the statistics relating to deleted records, it was seen that 44,09,582 records were deleted from various tables during the year 2015. Out of this, 41,24,358 (93 *per cent*) of the records were deleted from the table containing the breakup of bills. Further analysis of this deleted records showed that 39,81,557 records were deleted in the months of April, May and July 2015.

The Government replied (December 2017) that records were deleted as part of monthly processes, where the data was moved to history but since it was being handled as a manual job, it was carried out at opportunities when less activities were processed on the server. It was also stated that corrective action was taken to store data deleted using triggers.

However, since the trigger did not record the details of data deleted it was not ascertainable whether these records were actually stored in history after deletion. This needs to be addressed by BWSSB. On this being demonstrated (December 2017) to the officials of BWSSB, it was stated that scripts to move records to history would be streamlined and a register would be maintained for all such kind of backend operations.

3.1.8.4 Non-initiation of action in respect of non-billed meters

In some cases, water meter readings were not recorded by the Meter Reader of BWSSB citing various reasons such as door locked (DL), gate locked (GL), meter damaged (MD), dial not visible (DNV), suspected meter stop (SMS), moisture, meter stopped (MS), *etc.* This warranted replacement of meters, follow up visit or attempt reading check by a superior officer.

Analysis of the data showed that meter readings were not recorded over extended periods citing any of the above mentioned reasons in several cases (100 illustrative cases indicated in **Appendix-3.4**, where readings were not recorded in more than 60 out of 75 bills generated in each case during January 2011 to March 2017). In all the said cases, since the actual meter readings

were not captured, the system resorts to charge the consumer on the basis of average consumption. Hence, actual consumption of water in all such cases was not known. This had an adverse effect on revenue. Further, BWSSB's calculations of "Unaccounted for Water" (UFW) would also be affected as the consumption figures in respect of these connections were not actual but notional.

The Government agreed (December 2017) that though various reasons were incorporated into the 'Sajala' system for situations wherein the meter was inaccessible, this had to be further streamlined as there was no time limit on the period upto which a connection can be billed on the average consumption of previous six months. A proposal was made to incorporate timelines for such cases in the metering policy being finalised.

3.1.8.5 Under utilisation of advantages from Centralised Information System

BWSSB issued a circular (March 2016), which required installation of Sewage Treatment Plants (STP) in buildings having 20 or more flats/apartments as well as buildings for non-domestic purposes on sites exceeding 100 sq m. The order provided for levy of penalties for non-compliance.

Penalties were levied on non-compliant consumers from bills of September 2016. Subsequently, BWSSB extended (April 2017) the date for provision of the STP to 31 December 2017 stating that the penalties levied and paid as well as levied and not paid from October 2016 to January 2017 shall be respectively adjusted against the following month's bills or reversed. 'Sajala' being a centralised system, these adjustments could be implemented by BWSSB at its head office by writing and executing appropriate commands/procedures on the centralised database.

However, it was observed that the advantage of a centralised database and application was not availed by BWSSB. Instead BWSSB continued to carry out the operation in a decentralised manner requiring the sub divisional officers to carry out the necessary adjustments manually. Hence, despite centralisation of data (Consumer data, Connection Data, Readings, Bills, Bill Breakup, Receipts *etc.*) and the application, BWSSB did not utilise the benefits arising from such centralised availability of data.

The Government replied (December 2017) that withdrawing of penalties using 'Sajala' required extensive modifications and since the order of application of payments (including arrears and interest) received was not defined, adjustments could not be processed through Sajala, especially where part payments were made. Hence, in order to ease the calculation of amount to be withdrawn, the penalty data was shared with all O&M divisions for calculating the withdrawal amounts and informing the actuals thereof to the head office. Hence, BWSSB could not utilise the centralised software for the adjustments or reversal of penalty due to inadequate provisions in the system to show breakup of the collection, as also discussed in Paragraph 3.1.7.1.

3.1.9 IT Application Controls in 'Sajala'

3.1.9.1 Weaknesses in Input validation controls

Weak input controls leads to entry of incorrect, un-authorised, incomplete or redundant data being fed to the database and brings down the integrity and reliability of data.

Analysis of data of consumers, bills and installation history of meters tables revealed the following deficiencies in the data due to weak input controls:

- While 1,867 records in the table containing consumer details contained the consumer names as dots and spaces, 50 records contained the consumer names as dashes. In 19,901 records, the pincode field was left empty.
- The bills table contained 13,809 bills for future years also as detailed in **Appendix-3.5** on account of bill date not being validated.
- Similarly, the date of fixing meters and initial date of water connection in metered consumers table contained 51,565 records and 8,369 records respectively showing the meters/water connections were fixed on 1 January 1900.

The Government replied (December 2017) that

- The 1,867 records identified by audit were referred to O&M division for updating correct information.
- Date of future years was an issue relating to battery of hand held devices used to issue the bills. This was taken up with the service provider for immediate rectification.
- Date being recorded as 1 January 1900 was attributed to the initial data entry during 2000-2004 when the billing was being computerised and at present it stated that such default date was not being recorded.

However, connections made as late as February 2016 also recorded the initial date of fixing meter as 1 January 1900. The controls need to be rechecked by BWSSB.

3.1.9.2 Weaknesses in Processing controls

(a) *Inconsistency between closing and opening balance of meter reading*

Water consumption is calculated based on the difference between closing balance (present meter reading) and opening balance (previous meter reading). Thus, opening balance of any bill should match with closing balance of the previous bill. However, analysis of billing data for the period of April 2012 to March 2017 showed that there are 530 cases of mismatch of atleast 1000 litres between opening balance of present bill and closing balance of previous bill. This resulted in adoption of incorrect water consumption figures in the bill leading to short/excess billing. An illustrative example is indicated in **Appendix-3.6**.

The Government accepted (December 2017) the mismatch between opening and closing balance of meter reading and stated that this issue pertained to the bills generated using the hand held devices. It further stated that all such discrepancies were rectified in the Head Office upon requests from the sub-division and that O&M had to short audit³⁴ or write off the amount manually, depending on the case.

The reply is not acceptable as once the discrepancy in readings is rectified, 'Sajala' system should automatically account for the excess/short billing due to those discrepancies, in subsequent bills instead of relying on O&M to carry out the changes manually. We observed the cases, as illustrated in **Appendix-3.6**, where despite the rectification of discrepancies in readings, short/excess bill amount due to these discrepancies was not accounted for in subsequent bills.

(b) Improper recording of consumption of water

The table of bills and bill breakup table of 'Sajala' contains details of the monthly bills and breakup of monthly bills in terms of water charges, meter charges, sanitary charges *etc.*

Analysis of these tables for the period from July 2016 to March 2017 revealed that there were 35 bills, where consumption values were negative. Since the consumption values could be only zero or positive, the reason for negative value was not clear. Further, in respect of 5,625 records pertaining to 2,922 connections, while there was water consumption, the bill amount was zero. In addition, it was observed that 59 bills with respect to 16 connections were generated without consumer names, address *etc.*, which reflected poor reliability of data.

The Government replied (December 2017) that:

- Negative consumption figures were arising as a result of spot billing errors and meter change errors and demands against the resultant short levies were raised at the instance of audit;
- In respect of bill amount being zero, the consumers made excess payments, which were carried as advances and adjusted in the subsequent bills; and
- O&M division updated the records, where the bills were generated without the details of consumers.

The reply in respect of bill amount being zero due to advances is not acceptable, as audit observed that even though the advance amount was nil in respect of 1,468 bills pertaining to 291 consumers, the bill amount was also zero despite water consumption ranging from 1 kilo litre (KL) to 29,920 KL. Thus, the zero bill amount is not attributable to advances in all the cases and BWSSB needs to re-examine the entire database for similar cases and make necessary corrections.

³⁴ Short audit: claims for earlier short billing or additional claims being demanded now.

3.1.9.3 Non-capture of period of arrears

The monthly bills raised by BWSSB on consumers has time period of 15 days for its payment from the date of the bill. The payments can be made through different channels such as 24×7 kiosks for cash and cheque payments, Bengaluru One, online payments, Electronic Clearing Service, etc.

Analysis of bills, receipts and dishonoured cheques details showed that many consumers were habitually submitting cheques which bounced. The instances of such cases are brought out in **Table-3.1**:

Table-3.1: Consumers whose cheques bounced habitually

Sl. No.	RR number	Average cheque amount	Minimum cheque amount	Maximum cheque amount	Earliest Bounce date	Latest Bounce date	Bounce Count
1.	N-131134	52,769	163	2,12,899	13-Oct-2006	07-Dec-2016	80
2.	N-184477	17,486	20	1,37,796	13-Oct-2006	03-Aug-2016	76
3.	W-229062	7,721	825	20,000	30-Jun-2004	22-Oct-2016	73
4.	N-184476	34,897	155	1,50,669	13-Oct-2006	07-Dec-2016	69
5.	W-283834	9,429	1,550	30,000	09-Jul-2004	09-May-2014	41

(Source: Compiled from the database)

Analysis of table of details of connections showed that there was a field to capture the earliest month since which arrears was pending in respect of a particular customer. In the above mentioned cases, though the arrears were pending for more than a decade, this field (Last Arrear Month and Year) in respect of these consumers showed their last arrear month as falling in 2017. Thus, by submitting invalid cheques once in every few months for the bill amount, these defaulting consumers were able to manipulate the system into showing a more favourable position of pendency of arrears. Thus, despite centralised availability of data, review of trends in data was not done. No mechanism existed to validate whether the cheques were being encashed before indicating payment details of a customer.

The Government replied (December 2017) that while arrears from one consumer was recovered, connection was disconnected in respect of other consumers until payment by cash/demand draft will be received. Further, it stated that a report on dishonoured cheques based on number of irregularities would be generated to track who did not pay regularly.

3.1.10 Quality of data

3.1.10.1 Inconsistency in data

Analysis of table of metered connections revealed that RR numbers of 3,068 connections were not traceable to the consumers table. Further analysis of the tables based on consumer identification numbers revealed that 171 consumers who were available in the table of metered connections were not traceable to the consumer tables. Hence, though there was a Parent and Child relationship between the two master tables, non-traceability of records available in the child table - metered connections to the parent table - consumers indicated data integrity problems in the database.

It was also observed that RR numbers in respect of 12,972 consumer records in consumers table was not updated and bore size of 49 consumers was zero.

The Government in its reply (December 2017) stated the following:

- Discrepancy in 3,068 connections existed due to assigning same consumer_ID to disconnected RR number as well as metered/un-metered connection. Necessary steps were being taken to set the correct RR_numbers to the consumer_ID in the consumers table.
- The consumers table was rectified and 171 consumers can now be traced in the table.
- 12,792 consumers without RR_number in consumers table was due to insufficient controls placed before centralisation. It further stated that the process had now been refined and all these consumers would be marked as “suspense consumers”.
- Data for 49 consumers with zero bore size was updated.

Though BWSSB rectified the inconsistencies pointed out by audit, the system itself needed to be refined in order to avoid re-occurrence of such inconsistencies.

3.1.10.2 Non validation of meter readings

The meters purchased and supplied by BWSSB to its consumers belong to different brands, with different bore sizes and with counters, which run to different maximum readings before the counter resets to all zeroes. While these properties of each type of meter are held in the meter readings range table, the brand, bore size and meter serial number of the meters fitted to each connection is stored along with the connection properties in the table of metered connections.

Data analysis of these two tables revealed that there were no details of meters for 39,695 out of 8,79,837 metered connections. This included 4,376 records, where the meter make field was incorrectly assigned with random values and uncontrolled entries instead of valid data. This improper input of data in the table of metered connections by the Sub-divisions could result in the risk of incorrect billing. Further, it was observed that due to non-validation of meter reading with the meter reading range table, the meter reading could take value more than the maximum reading specified for the meter.

For instance, it was observed that there was a wrong input of meter reading in generation of bill no. N-230410030 for a consumer with RR number N-230410, wherein instead of input of reading as 3,57,000 wrong input of 357,000,000 was made, which resulted in erroneous generation of abnormal bill amount of ₹3,87,88,983/- instead of normal billing amount, which was around ₹1,200/- per month. The maximum meter reading the meter could take was 9999999. Hence, there was non-validation of meter reading.

The Government replied (December 2017) that the meters supplied by them were of different vendors, which had different maximum digits for the same bore size and populating the meter reading range table was not viable. For the

illustrated case, BWSSB stated that reports on abnormal and subnormal readings were available in ‘Sajala’, which were accessible by the sub-division. Based on the above reports, the sub-divisions can identify errors and rectify the meter readings.

The reply is not acceptable as reading ranges of all meters are known even before the meters are issued to a customer and this data should be used to populate the meter reading range table. The readings are to be validated against the maximum reading possible for the meter. Errors as indicated in the illustrated case could be completely avoided by populating the meter reading range table.

3.1.10.3 Incorrect classification of consumers

The consumers of BWSSB are classified as domestic, non-domestic and partially non-domestic. Details of consumers, both metered and unmetered, are contained in a table of metered connections and consumers master table. Analysis of the databases of the two tables for the period July 2016 to March 2017 showed the following:

- Seventy consumers were classified as both domestic as well as non-domestic consumers simultaneously *i.e.* while the consumers were categorised as non-domestic under the sub-category in table of metered connections, they were classified as domestic under the type of connection. Hence, there existed contradictory information within the record. Illustrative examples are shown in **Appendix-3.7**.
- Connections could change from domestic to non-domestic due to various reasons such as civil works, commencement of business or doctor’s clinic in part of the building, *etc.* However, audit observed that the application had no provision to capture reasons for the change in the connection type and to display the history of changes to the profile of a connection in a manner relevant to a user. Hence, due to absence of such data, analysis of the centralised data and monitoring the system by the management was deficient.
- As per BWSSB regulations, educational institutions, Government departments, hospitals *etc.*, fall under the category of non-domestic. However, in the table of metered connections, it was observed that 138 consumers such as nursery schools, high schools, colleges, Central college library, Central college physics block, Institute of Textile Technology, Director of Physical Education, University Law College, State Librarian Office, Railways, Dasappa Hospital and various other hospitals, Government offices *etc.*, which fell in the category of non-domestic, were categorised as domestic. This not only resulted in generation of incorrect MIS reports but also in loss of revenue as the tariff for non-domestic consumers was higher than domestic consumers.

The Government replied (December 2017) that

- Corrective measures were taken wherever contradictory information existed.

- Sajala was upgraded to capture the reasons for conversion of connection types.
- 138 connections were now been reviewed and reclassified suitably. Further, in the exit conference (November 2017) it was stated that out of 138 connections, 95 were declared as ‘non-domestic’.

BWSSB needs to review its entire consumer list in order to identify similar cases since the audit observation on the 138 cases was on the basis of a test-check.

3.1.10.4 Incomplete Look-up table

While the table of metered connections showed the status of the connection in a field MeterStatus, the meanings of these status values were explained in another lookup table. Analysis of these two tables revealed that there were four meter status values NULL, 'N', 'n' and 'NC', which did not have corresponding matching values and meanings/descriptions in the lookup table as given in **Appendix-3.8**.

Existence of values not traceable in lookup table indicates defective validation in the process that populates the tables.

From the above Appendix, it is seen that 46 records were captured with blank (Null) meter status, 8,20,406 records were captured with “N” meter status and 3,773 records were captured with “NC” meter status.

The Government replied (December 2017) that corrections were carried out in the application and database to address this issue and assured that measures would be taken to ensure such errors do not occur in future.

3.1.10.5 Ineligible Slum Consumers considered for waiver of dues

Government of Karnataka issued (May 2017) orders regarding the waiver of principal water bill amount and the interest from the slum consumers, whose sital area was not exceeding 600 sqft as well as 10,000 litres of water free of cost every month. For this, the Government was to release one time grant of ₹23.11 crore towards waiver of principal due from the slum dwellers.

Analysis of the data of metered connections revealed that there were 70,317 slum consumers. Further, on analysis of the data with rain water site area field, audit observed that out of 70,317 consumers, rain water site area in respect of 2,037 consumers was more than 600 sqft. Hence, these consumers were not eligible for loan waiver. The amount outstanding against these consumers was ₹32.63 lakh.

The Government replied (December 2017) that it took corrective action to remove these 2,037 consumers from waiver list. Hence, at the instance of audit, BWSSB avoided recurring extension of the scheme benefits to ineligible consumers.

3.1.10.6 Hospitals/Nursing Homes/Diagnostic laboratories not categorised as Red Category Industries - 618 cases

Regulation 20 of BWSSB Sewerage Regulations, 1974, categorises Hospitals, Nursing Homes, Veterinary Hospitals, Diagnostic Laboratories covered under biomedical waste rules as red category of industries. However, BWSSB did not classify 618 Hospitals, Nursing Homes, Diagnostic Laboratories as Red as required under the said regulation. This had an adverse impact on monitoring of the effluents generated and released by these establishments.

The Government replied (December 2017) that ‘Sajala’ software was provided with for capturing the effluent details. Further, it stated that the list of 618 Hospitals, Nursing Homes *etc.*, were forwarded to the sub-divisions for inspecting the locations and categorising it accordingly.

3.1.11 Conclusion

- Inadequate incorporation of business rules resulted in non-levy/incorrect levy of meter charges and water charges.
- Strategic advantages arising from the centralisation of ‘Sajala’ Billing and Collection Software was not understood and utilised by the Senior Management of BWSSB.
- Absence of password policies, insecure operations over HTTP coupled with incomplete audit trails indicated poor appreciation of need for security.
- Due to inconsistencies in data and non-validation of data, the information in the system was unreliable and BWSSB was exposed to the risk of incorrect decision making and risks of incorrect billing.

Revenue billing is the main source of income of BWSSB for its sustainability. Poor controls over the system resulted in revenue losses as brought out in the Report. Hence, ‘Sajala’ needs to be made more robust in order to monitor the data and avoid revenue losses.

3.1.12 Recommendations

- BWSSB should switch over to HTTPS completely for ‘Sajala’ and it should not be available in dual mode *i.e.* both HTTP and HTTPS.
- BWSSB should utilise the centralised architecture of ‘Sajala’ system to levy charges in respect of penalty for non-implementation of Rain Water Harvesting System, penalty for non-submission of Occupancy Certificate, *etc.*
- BWSSB should periodically review the data in the system for trends and inconsistencies.
- BWSSB should capture readings to have control over meter reading system in respect of Suspected Meter Stop connections.
- BWSSB should automate the billing process by installing tamper proof automatic meters recording actual consumption without manual interventions.

Chapter-IV

Compliance Audit

Chapter-IV

Compliance Audit

Department of Higher Education/ Department of Technical Education/ Department of Medical Education

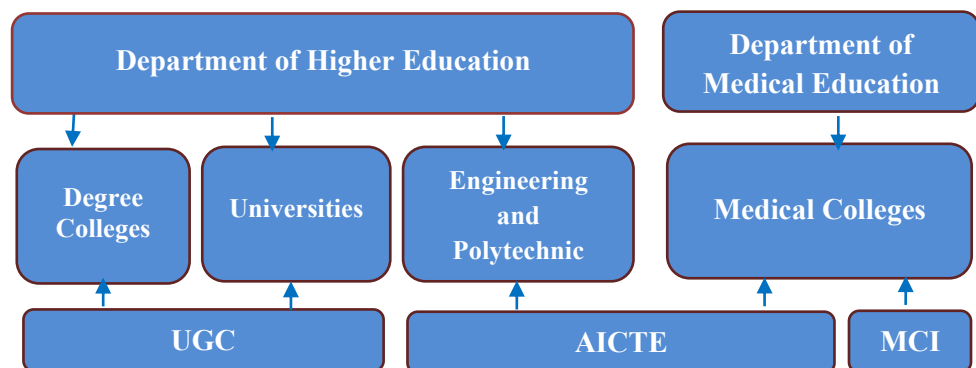
4.1 Thematic audit on appointment, promotion and pay-fixation of Teaching staff

4.1.1 Introduction

University Grants Commission (UGC) brings out Regulations from time to time with regard to minimum qualifications for appointment of teachers and other academic staff in Universities and Colleges. This is supplemented by All India Council for Technical Education (AICTE), which ensures coordinated and integrated development and management of technical education in the country. AICTE also formulated Regulations on the Pay scales, service conditions and qualifications for the teachers and other academic staff of Engineering and Polytechnic colleges. Medical Council of India (MCI) maintains uniform standards of medical education for both undergraduate and postgraduate courses through its regulations, which are referred to as 'Minimum qualification for teachers in Medical Institutions'. The pay scales of the teachers in medical colleges are, however, determined by AICTE.

The applicability of Regulations/guidelines for the educational institutions is depicted in **Chart-4.1**.

Chart-4.1: Applicability of Regulations/Guidelines



Department of Higher Education, which functions under the administrative control of the Principal Secretary is responsible for the promotion of higher education in the State through Department of Collegiate Education, Universities and the Department of Technical Education. Department of Medical Education functions under the Additional Chief Secretary to Government of Karnataka, Department of Health and Family Welfare Services

(Medical Education). For academic matters, while all the Degree colleges including Engineering colleges are affiliated to any one of the Universities, all Medical Institutions are affiliated to Rajiv Gandhi University of Health Sciences, Bengaluru.

The audit covering the period 2006-07 to 2016-17 was conducted during April to August 2017 to assess whether the norms/guidelines prescribed by UGC/AICTE/MCI for appointment as well as extension of pay scales to the teaching staff were complied with. The methodology adopted included test-check of service records of teaching staff at the Commissionerate, Department of Collegiate Education and Medical Education, Directorates of Collegiate Education and Technical Education and Universities.

Out of 951 aided and Government degree/B.Ed/Law colleges/Polytechnic/Engineering Colleges with 14,240 teaching staff, audit test-checked service records of 2,521 teaching staff of 159 colleges selected through random sampling as detailed in **Appendix-4.1**. In addition, service records of 1,628 teaching staff of nine³⁵ Universities were test-checked selected through random sampling.

Similarly, out of 16 Autonomous medical colleges and four Super Speciality teaching Hospitals, audit checked service records of teaching staff of seven autonomous medical colleges and two Super Speciality Teaching Hospitals selected through random sampling (**Appendix-4.2**).

The number of colleges test-checked is detailed in **Table-4.1** below:

Table-4.1: Details of existing and selected colleges in the State

Educational Institutions	Existing number of		Number of selected	
	Institutions	Teaching Staff	Institutions	Teaching Staff
Universities	17	1,947	09	1,628
Government and aided colleges				
Degree Colleges	731	9,584	118	1,555
B.Ed. colleges	52	351	13	90
Law colleges	20	113	05	26
Polytechnics	127	3,105	17	468
Engineering colleges	21	1,087	06	382
Medical colleges & Super Speciality Teaching Hospitals	20	NA	09	1,272
Total	988	NA	177	5,421

(Source: Compiled information)

Entry conferences were held with Principal Secretary, Higher Education and Director, Medical Education during May 2017. The audit findings were discussed with Principal Secretary (Higher Education) and Additional Chief Secretary (Medical Education) in an exit conference held on 5 December 2017 and 13 December 2017. The report takes into account the replies furnished by

³⁵ Bangalore University-Bengaluru; Karnataka University-Dharwad, Karnataka State Open University-Mysuru; Gulbarga University-Kalaburagi; Kuvempu University-Shivamogga; Mysore University-Mysuru; Mangalore University-Mangaluru; Rani Chennamma University-Belagavi; and Visweswaraiah Technological University-Belagavi.

the colleges as well as Department in response to the audit observations communicated to them.

4.1.2 Norms for recruitment of teaching staff in Higher Education including Medical Education

While norms for recruitment of teaching staff of Universities and colleges are prescribed by UGC, the norms for recruitment of teaching staff of Engineering Colleges & Polytechnics and Medical Institutions are prescribed by AICTE and MCI respectively. AICTE in consultation with MCI, prescribes norms for pay-scales of teaching staff of Medical Colleges. As per the current³⁶ Regulations prescribed by UGC/AICTE/MCI, there are only three designations in teaching staff viz., Assistant Professor, Associate Professor and Professor. While the designation, which earlier existed as Lecturer, Lecturer (Senior Scale) and 'Lecturer (Selection Grade)/Reader' with less than three years' service were designated as Assistant Professor, Lecturer (Selection Grade)/Reader with three years and more than three years' service were re-designated as Associate Professor. The post of Professor remained same even in the current Regulation. The norms for recruitment of teaching staff excluding Principals, Librarians and Physical Education Personnel are indicated in **Chart-4.2**.

Audit findings

UGC regulations issued from time to time stipulated that direct recruitment to the posts of Assistant Professor, Associate Professor and Professor in the Universities and colleges shall be on the basis of all-India advertisement and recommendations of the duly constituted selection committee. These selection committees are to be constituted in accordance with UGC/AICTE/MCI provisions and are responsible to shortlist the applicants based on minimum qualifications and minimum eligibility requirements before assessing the shortlisted applicants in manner prescribed by UGC/AICTE/MCI. Similarly, UGC/AICTE/MCI prescribed minimum requirements for in-service career advancement and fixation of pay scales.

Accordingly, audit had verified compliance to the laid down guidelines and norms regarding appointment, in-service career advancement and pay-fixation and the observations are detailed in the following paragraphs.

³⁶ UGC Regulations, 2009, AICTE Regulations, 2010 and MCI Regulation, 1998.

Chart-4.2: Norms for recruitment

	Basic Qualification			Mandatory additional requirement			Experience required		
	Asst. Professor	Associate Professor	Professor	Asst. Professor	Associate Professor	Professor	Asst. Professor	Associate Professor	Professor
University/ Degree[#]	55 per cent marks at the Master's Degree level in a relevant subject	55 per cent marks at the Master's Degree level in a relevant subject	An eminent scholar with Ph.D. qualification(s) in the concerned/allied/ relevant discipline	National Eligibility Test (NET) or State Level Eligibility Test (SLET) or Ph.D in accordance with UGC Regulations 2009 ³⁷	Performance indicator of 300	A minimum of 10 publications as books and/or research/policy papers	Nil	Eight years teaching and/or research as Assistant Professor in a University/ College/Accredited Research Institution/industry excluding the period of Ph.D. Minimum five publications as books/research papers	Ten years of teaching/research in university/college/ National level institutions/ industries, including experience of guiding candidates for research at doctoral level
Engineering^{\$}	BE/B.Tech, and ME/M.Tech in relevant branch with First Class (60 per cent) or equivalent either in BE/B.Tech, or ME /M.Tech.	BE/B.Tech, and ME/M.Tech in relevant branch with First Class (60 per cent) or equivalent either in BE/B.Tech, or ME/ M.Tech and Ph.D or equivalent, in appropriate discipline.	BE/B.Tech, and ME/M.Tech in relevant branch with First Class (60 per cent) or equivalent either in BE./B.Tech, or ME/M.Tech. and Ph.D or equivalent, in appropriate discipline				For MCA - M.C.A., with first class or equivalent with two years relevant experience	Minimum of 5 years in teaching/research/ industry	Minimum of 10 years teaching/research /industrial experience of which at least 5 years should be at the level of Associate Professor or minimum of 13 years in Teaching and/or Research and/or Industry
Medical[@]	Post Graduate from a recognised medical college in concerned discipline	Post Graduate from a recognised medical college in concerned discipline			From July 2014 two Research Publications in indexed/National journal, which are accepted by National Associations and the like	From July 2014 four Research Publications in indexed/National journal which are accepted by National Associations and the like	Three years teaching experience as Resident/ Registrar/ Demonstrator/ Tutor in a recognised medical college	Assistant Professor for five years in a recognised medical college	An Associate Professor in relevant branch for four years from a recognised medical college
Polytechnic[*]	<u>Lecturer</u> Bachelor's degree in Engineering/Technology in the relevant branch with first class or equivalent.	Head of the Department Bachelor's and Master's degree of appropriate branch in Engineering/Technology with First class or equivalent either Bachelor's or Master's level.					Lecturer - NIL -	Head of the Department Minimum of 10 years in teaching/research/industry	

G.O dated 23/9/2009. Implemented in Karnataka vide GO dated 24.12.2009 with effect from 1.1.2006 for payscales. For BED vide GO dated 1.2.2011 with effect from 1.1.2006 for pay scales

\$ G.O. dated 5/3/2010; Implemented in Karnataka vide GO dated 1.1.2006 for pay scales

@ G.O. dated 5/12/1998. Pay scales implemented vide GO dated 1.4.2011 with effect from 1.1.2006.

* Implemented in Karnataka vide GO dated 13.3.2011 with effect from 1.4.2011

³⁷ Ph.D degree to be awarded after registration of candidates to entrance test and interview followed by allocation of supervisor by the Department and undertaking of course work for minimum period of one semester. This is followed by research work and submission of thesis, which is evaluated by two experts, one from outside the state.

4.1.3 Irregularities in appointments

4.1.3.1 Appointments without adhering to requirement of all-India advertisement and/or constitution of selection committee

The UGC regulations issued from time to time stipulated that direct recruitment to the posts of Assistant Professor, Associate Professor and Professor in the Universities and colleges shall be on the basis of all-India advertisement and recommendations of the duly constituted selection committee. However, audit observed that 67 appointments were made without complying with the norms.

- Karnataka State Open University, Mysuru, regularised (May 2013) 22 temporary lecturers and appointed them as Assistant Professors directly without following the due procedure of calling for all-India advertisement and constitution of selection committee. We also observed that 18 of these 22 temporary lecturers did not even possess the minimum required qualifications for the posts.
- Three Universities as given in **Table-4.2** upgraded 14 posts of state pay scale cadres to entry level UGC pay scale cadres, which can be filled up through direct recruitment only. However, existing staff were appointed directly to those newly created posts instead of calling for all-India advertisement and constitution of selection committee for the purpose.

Table-4.2: Upgradation of State pay scales to UGC pay scales

Sl. No.	Name of University	State cadre upgraded	No. of posts	Period	Upgraded post	Reporting date
1.	Mysore University	Research Assistant/ Field Assistant/ Antiquity Assistant	06	March 2008	Lecturer	April 2008
2.	Kannada University	Planning Assistant/ Publication Assistant	07	February 2005	Lecturer	February 2005
3.	Mangalore University	Physical Cultural Inspector	01	November 2011	Assistant Director	November 2011

(Source: Compiled information)

Further, the six teaching staff appointed as Lecturers in Mysore University were given the benefit of pay-protection even though the earlier posts were not of equivalent grade to the post of Lecturer, which was mandatory for protection of pay under UGC regulations.

- The State Government accorded (March 1993) permission for creation of two³⁸ posts in Poojya Dodappa Appa College of Engineering, Kalaburagi (PDA College) and instructed (June 2000) that the posts are to be filled up through direct recruitment. However, two persons working on unaided posts in the same college were directly appointed (November 2006) to these posts without calling for applications and/or constituting a selection committee. Thereafter, as the prescribed process was not followed, Director of Technical Education withdrew (March 2010) the approval in respect of these posts but the college continued the appointments. Further, the official appointed as Workshop Superintendent was ineligible to be appointed to the post since he did not possess Ph.D. Even though the

³⁸ Workshop Superintendent and Training & Placement Officer (TPO).

official did not acquire Ph.D., till September 2017, he was extended AICTE pay scale.

- Out of the three³⁹ options given by UGC to universities while extending assistance to fill up the posts approved during X plan period of UGC, the Mysore University and Bangalore University opted to fill up the posts through appointments made on contractual basis upto 31 March 2007 and eight and nine lecturers respectively were appointed during July 2004.

We observed that these 17 lecturers were later regularised (September 2009 and March 2010) against additional posts instead of permanent posts, subject to the condition that these additional posts were created to accommodate the lecturers and the post stood abolished on post becoming vacant for any reason. Subsequently, the pay of all these lecturers was also fixed notionally from the date of their appointment on contract basis along with extension of all pensionary benefits. This was contrary to UGC notification, 1998, which stated that *ad-hoc* service of more than one year duration could be counted provided that the candidate was selected to the permanent post in continuation to the *ad-hoc* service, without break and UGC clarification (September 2006) that no benefits⁴⁰ were to be provided to the teaching staff appointed on contract basis against the posts sanctioned by it during X Plan.

- Twelve⁴¹ lecturers in unaided posts of two degree colleges were appointed as regular lecturers and extended UGC pay scale against vacancies, which arose due to retirement/death. This was contrary to the procedure prescribed by UGC in its regulations as notifications were not issued calling for applications nor was a selection committee constituted.

4.1.3.2 Appointments of underqualified and ineligible candidates

(a) Appointment without obtaining minimum Academic Performance Indicator (API)⁴² score

UGC prescribes the minimum score of 300 points as API for direct recruitment of Associate Professor in Universities and colleges. However, during appointment (December 2012) of five Associate Professors in Karnataka State Open University, three candidates were shortlisted for

³⁹ The three options offered by the UGC to the Universities were:

- (i) Assurance from State Government for taking over the liability of these posts after X plan period;
- (ii) Assurance by the University through resolution of Executive Council to bear the burden of these posts after X plan period; and
- (iii) Appointment through contractual basis, where the posts are operational only during X plan period.

⁴⁰ Annual increments, leave encashment, leave travel concession, provident fund, all kinds of leave *etc.*

⁴¹ Sri Jagadguru Murugharajendra College of Arts, Science and Commerce, Chitradurga (11) in November 2009 and March 2010 and RIES Arts, Science and Commerce College, Ranebennur (1) in January 2013.

⁴² Academic Performance Indicator-API scores are weightage marks allotted by the Selection Committee based on the self-assessment of the teaching staff in respect of teaching related activities, domain knowledge, participation in examination and evaluation, contribution to innovative teaching, research activities, *etc.*

interviews and eventually selected despite not having the minimum score of 300 points.

(b) Candidates appointed/short listed for appointment without essential minimum qualification

- In Kuvempu University, applications were called for (June 2008) two lecturer posts in Computer Science branch and the posts were filled on the basis of interviews conducted in January 2010. However, against the minimum requirement of master degree with NET/SLET/SET or Ph.D, one candidate was selected who possessed B.Sc and M.Tech degree. The M.Tech degree possessed by the candidate was also not recognised by AICTE. The candidate had further produced a Ph.D degree certificate from Magadh University, which was subsequently (November 2014) declared as fake by the Magadh University but no action was initiated with regard to production of fake degree by the candidate.
- Even though a candidate did not possess M.Tech. and was yet to appear for examination at the time of notification (May 2007), which was the minimum qualification requirement for the post of Assistant Professor, the application of the candidate was accepted by PDA College, Kalaburagi and the candidate was subsequently appointed (June 2008) after interview to the said post. Thus, relaxation of norms for an individual renders appointment process non-transparent.

(c) Appointment without eligibility conditions of NET/SET/SLET and/or Ph.D as per norms

Apart from the requirement of academic qualification, UGC Regulations, 2009, specified qualification in NET or SLET/SET also for appointment of Assistant Professors or equivalent teaching staff in Universities/Colleges/Institutions. Further, candidates who were awarded Ph.D degree in compliance with UGC Regulation, 2009 were exempted from the requirement of the minimum eligibility condition of NET/SET/SLET.

However, Assistant Professors or other teaching staff of equivalent grade of Universities/Degree Colleges/Engineering Colleges/Polytechnic detailed in **Table-4.3** were appointed despite not having minimum eligibility of NET/SET/SLET or possessing Ph.D in accordance with UGC Regulation 2009.

Table-4.3: Candidates not possessing eligibility condition

Sl. No.	Educational Institution	Number of candidates	Post	Date of appointment
1.	Kuvempu University	01	Assistant Professor	March 2017
2.	Karnataka University	12	Assistant Professor	July 2011 – January 2014
3.	Rani Chennamma University	13	Assistant Professor	March 2012- June 2014
4.	Kannada University	01	Library Assistant	February 2008
5.	Gulbarga University	01	Assistant Director of Physical Education	December 2013

Sl. No.	Educational Institution	Number of candidates	Post	Date of appointment
6.	Karnataka Arts, Science & Commerce College, Bidar	03	Lecturer – Commerce, Physical Cultural Instructor, Librarian	2013
7.	Pompei College, Aikala, Mangaluru	01	Assistant Professor	June 2012
8.	RV Teachers College, Institute of Advanced Education, Bengaluru	01	Assistant Professor	January 2013
9.	Sarvodaya B.Ed. College, Virajpet, Kodagu	01	Assistant Professor	November 2009
	Total	34		

(Source: Compiled information)

Further, Universities could grant exemption where NET/SLET/SET qualified candidates were not available with the concurrence of the State Government. However, it was observed that no such concurrence from the State Government was obtained for such exemption. Hence the said appointments were irregular.

(d) Appointment without requisite teaching/research/working experience

UGC in their Regulations, 2009, stipulated requirement of teaching experience for the post of Associate Professor and Professor and other similar posts, which was mandatory along with research work and publications. Audit observations in this regard are discussed below:

- The Karnataka State Open University called (March/November 2012) applications for five posts of Associate Professor, which were filled during November-December 2012. However, two out of five candidates selected did not possess the required minimum eight years of teaching experience for appointment as Associate Professors. UGC Regulations, 2009, specified that only previous regular service, which was in an equivalent grade could be counted for past service and its clarification (January 2003 and June 2010) in this regard stated that experience as part-time/guest lecturer and temporary lecturers were not to be counted for teaching experience. However, the University disregarded the above stipulation and counted the period of part-time/guest lecturer and temporary lecturer for teaching experience.
- The Karnataka State Open University also called applications for one post of University Librarian and stated requirement of minimum 10 years experience in a University, in contravention to UGC norms of 13 years as Deputy Librarian in University or 18 years as College Librarian. However, the applicant who was finally appointed to the post had only five years & eight months of experience, which was even lesser than the 10 years stipulated by University. Thus, the appointment was in violation of UGC norms and was irregular.

4.1.4 Irregular promotion

In order to ensure that teachers and other equivalent cadres covered under the UGC Regulations issued from time to time have multiple opportunities for upward movement during their career, UGC created different Academic Grade Pay (AGP) in each pay band subject to fulfillment of conditions. However, for the entry level cadre *viz.*, Lecturer, Reader and Professor in UGC Regulations prior to 2009 and Assistant Professor, Associate Professor and Professor in UGC Regulations, 2009, the vacancies were to be filled up through direct recruitment only. The deviations from the guidelines issued by UGC are discussed below:

4.1.4.1 Promotion from Reader to Professor

UGC Regulations of V Pay Commission prescribed minimum five years of service as Lecturer with Ph.D. qualification for promotion to the cadre of Reader. Further, a minimum of eight years of service as Reader was required to be considered for the promotion as a Professor.

Mysore University promoted a Reader to the cadre of Professor during November 2007. From the records, we observed that though the candidate was promoted in June 1999 as Reader, he completed his Ph. D. only in May 2004, which indicated that his promotion as Reader was not as per norms prescribed by UGC and hence was irregular. In addition, though the candidate was promoted as Professor after eight years of promotion as Reader, since the candidate did not acquire Ph.D until 2004, the promotion as Professor was also irregular.

4.1.4.2 Notional promotion due to wrong application of effective date

The State Government approved (June 2009) counting of past services of the Lecturers on temporary/*ad-hoc*/contract basis. Based on the said order, the Director of Technical Education (DTE) issued (November 2009 and December 2009) revised seniority list for promotion to senior Scale/Selection Grade Lecturers under Career Advancement Scheme (CAS)⁴³. Further, as per Government Order dated 16 June 2000 which adopted AICTE pay scales, while the AICTE pay scales were effective from 1 January 1996, the other terms and conditions of service, which included promotion were applicable from 11 February 2000. However, we observed that DTE while issuing revised CAS seniority list had given effect to CAS promotion also from 1 January 1996 instead of 11 February 2000.

Hence in 25 cases, promotions were given on dates earlier than the date from which they were due as indicated in **Appendix-4.3**. This was in violation of the Government Order of June 2000.

⁴³ Career Advancement Scheme was introduced for promotion of teachers to next higher AGP subject to fulfilment of all prescribed qualifications.

4.1.4.3 Principals promoted without qualification

Five Lecturers who did not possess M.E/M.Tech, which was the requisite qualification mandatory for promotion as Principal Grade I, were promoted as Principals in five polytechnic colleges indicated in **Appendix-4.4**. Hence, all the five promotions were irregular.

4.1.4.4 Irregular promotion of Library Assistants as Assistant Librarian

Though UGC mandates that the post of Assistant Librarian can be filled only through direct recruitment and no promotional avenues to this post exists, the Mysore University statutes specified 50 *per cent* recruitment of Assistant Librarian through promotion and 50 *per cent* through direct recruitment. Out of the 12 posts of Assistant Librarian, six posts were already filled (April 1998 to June 2010) through promotions in past. Thus, remaining six posts, were to be filled up through direct recruitment. However, these six posts were also irregularly filled through promotions during December 2012.

Thereafter, UGC again clarified (May 2017) that there were no promotional avenues from Library Assistant to Assistant Librarian and the said post could be filled through direct recruitment only. However, action was not initiated by the University in respect of these 12 Library Assistants irregularly appointed as Assistant Librarian.

4.1.5 Irregularities in extension of pay scales

UGC Regulations, 2009, prescribed that the teaching staff who did not acquire the qualification prescribed by UGC *viz.*, NET/SET/SLET or Ph.D through course work were not entitled for availing the benefit of UGC revised scheme. Further, it specified that no M.Phil was to be recognised thereafter and hence, the teaching staff who possessed M.Phil were required to qualify themselves in NET/SET/SLET or acquire Ph.D. It also specified that until acquiring the required qualification, the teaching staff continued to be in the pre-revised UGC pay scale or in the State pay scale as the case may be. Similarly, AICTE also specified in its regulations issued from time to time non-extension of the revised pay scales to teaching staff who did not possess the required minimum qualifications. Audit observations in this regard are as follows:

- In violation of the stipulations for extension of UGC pay scales as per UGC Regulations, 2009, 136 test-checked degree/B.Ed/Law colleges and nine Universities extended UGC pay scales to 924 teaching staff (**Appendix-4.5**) who did not possess the requisite NET/SLET or Ph.D.
- Though UGC pay scales, 2009, allowed grant of advance increments for acquiring PhD as per UGC Regulations, 2009, Basudeva Somani Degree College, Mysuru, irregularly granted three advance increments to a lecturer, whose PhD was not as per UGC Regulations, 2009.
- Revised UGC pay scales issued (December 2009) by Government of Karnataka (GoK) stipulated effective date for pay scales from 1 January 2006 and effective date for the allowances and other benefits, as the date of issue of revised order *i.e.*, 24 December 2009. However, Bangalore

University and Kannada University, Hampi, allowed HRA also from 1 January 2006 and hence the total excess arrears paid to 414 teaching staff worked out to ₹6.25 crore.

- The Government in its corrigendum (November 2002) to the order extending (16 June 2000) AICTE pay scales to Engineering Colleges, required Assistant professors (re-designated as Associate professor since March 2010) to obtain Ph.D. degree within a period of seven years from the date of appointment. AICTE in its clarification (January 2016) also stated that in the event of non-completion of Ph.D. within stipulated period, increments were to be stopped until Ph.D. was acquired. In three Engineering colleges, 22 Assistant Professors (**Appendix-4.6**) appointed between March 2000 and April 2007 were granted increments routinely even though nine were yet to complete Ph.D. and 12 had completed Ph.D. after the stipulated period of seven years. This resulted in irregular release of increments and excess expenditure of ₹45.35 lakh and allowances.
- The State Government, while according Grant-in-aid status to the Sahyadri Polytechnic, Theerthahalli, Shivamogga (November 2006) and Jawaharlal Nehru Polytechnic, Thana Khusnur, Bidar (June 2007) approved the staffing pattern for appointment subject to the condition that grant-in-aid shall be extended only to the existing qualified teaching and non-teaching staff appointed prior to June 1992. However, we observed that 24 teaching staff appointed after 1992 detailed in **Appendix-4.7** were also extended AICTE pay scales, which was not in order.
- In six polytechnic colleges, we observed that 19 lecturers detailed in **Appendix-4.8** who did not possess or acquire BE (BE Second Class upto 31 March 1999, BE First Class from 1 April 1999 as the case may be), which was the requisite minimum qualification prescribed by AICTE for extension of the revised pay scales were extended AICTE pay scales.
- PDA College of Engineering appointed (June 2008) two Lecturers through direct recruitment and as per AICTE norms, the Lecturers were to be placed in the Pay Band of ₹15,600-39,100 with AGP of ₹6,000. However, we observed that contrary to AICTE norms, the pay of the Lecturers were fixed as ₹24,170 with AGP of ₹8,000 after considering their previous service which resulted in extending undue benefit to the direct recruited Lecturers.
- There are no provisions to grant advance increments to the Assistant Professors/Associate Professors/Professors in AICTE pay scales. However in two⁴⁴ medical institutes, advance increments were granted in 11 cases based on the approval of the Governing Council (GC) of the Institutes. We observed that as per Memorandum of Understanding of the Institutes, GC could only recommend revision/increments to the Government and did not have power to grant advance increments. This resulted in irregular release of increments and excess expenditure of

⁴⁴ Bidar Institute of Medical Sciences (8) and Belagavi Institute of Medical Sciences.

- ₹27.40 lakh + allowances. In reply, both the institutes stated that GC approved the advance increment and Director had powers to sanction advance increment. However, the reply is not acceptable as GC could only recommend the advance increment to the Government and approval of the Government was essential.
- In Belagavi Institute of Medical Science, Belagavi, based on the salary certificate issued by the private medical colleges, pay of three Professors were protected even though AICTE pay scales did not have any provisions for pay protection. This resulted in excess payment of ₹16.17 lakh and allowances.
 - The State Government issued Government Order (December 2011) fixing the pay scales of Permanent Tutors as ₹15,600-39,100+6,000 AGP. But, during October 2012, it revised the above order and fixed the pay scales as ₹15,600-39,100+2,000 AGP with retrospective effect from 1.4.2011. However, Bidar Institute of Medical Sciences adopted December 2011 order and fixed ₹6,000 as AGP for two tutors appointed in February 2014. This was contrary to the order issued in October 2012. The excess expenditure on account of wrong adoption of scale is ₹3.04 lakh and allowances. In reply (July 2017), it was stated that action would be taken.
 - The State Government while extending (December 2011) AICTE pay scales to all the teaching staff in the Medical/Dental Institutions and Autonomous Institutions under the Department of Medical Education, provided fitment table for the teaching staff as on 1 April 2011 for each pay band. Later, the Government revised (February 2013) the pay structure for the teaching staff appointed/promoted subsequent to 1 April 2011. However, in two⁴⁵ institutions, we observed that the pay of 65 Assistant Professors/Associate Professors, who were appointed subsequent to 1 April 2011 were fixed based on the December 2011 Government order instead of February 2013 Government order. Though the pay fixation of 31 teaching staff of Jayadeva Institute of Cardiology (JIC) was later revised in August 2015, the excess salary paid was yet to be recovered. The total excess salary paid to all the 65 Assistant Professors/Associate Professors was ₹21 lakh and allowances. JIC stated that action was proposed for recovery.
 - Karnataka Institute of Medical Sciences (KIMS), Hubballi extended AICTE pay scales with effect from April 2011 to 31 tutors appointed in 2005 and drawing State Scale of pay. While fixing the revised pay notionally from April 2011, KIMS, Hubballi directly referred to the fitment table, which was applicable for the teaching staff already existing in the pre-revised AICTE pay scales right from the date of appointment instead of notionally working out the pay in the pre-revised AICTE pay scales and then referring to fitment table. Hence, this wrong reference to the fitment table resulted in excess payment of ₹83.66 lakh + allowances.

⁴⁵ JIC (31) and Mysore Medical College and Research Institute (34).

- The State Government in its clarification (23 February 2013) stated that the pay of the persons entering the Medical Institutes as Assistant Professors after April 2011 should be fixed at ₹21,900 with AGP as ₹8,000. However, in the cases detailed in **Appendix-4.9**, KIMS, Hubballi fixed the pay higher than the pay stated in the clarification, which resulted in excess fixation of pay and in turn excess expenditure of ₹19.39 lakh + allowances.

4.1.6 Conclusion

UGC/AICTE/MCI regulations are applicable to Universities, Degree Colleges, Engineering/Polytechnic colleges and Medical Colleges for appointment, promotions and pay-fixation of teaching staff. The objective of prescribing minimum qualifications for teaching posts by UGC/AICTE/MCI is to maintain excellence in standards of higher education by appointing highly qualified teaching staff, which would be defeated if rules & regulations regarding appointment and promotion are not complied with effectively. During audit, we observed the following deviations in the procedures for appointment, promotion and extension of pay scales:

- Sixty-seven candidates were appointed as teaching staff of Universities/ Degree Colleges/Engineering Colleges without adhering to requirement of all India advertisement and/or constitution of selection committee.
- Thirty-four teaching staff were appointed even though the candidates did not possess the mandatory essential qualifications and/or NET/SLET qualification or Ph.D.
- Five lecturers of five polytechnic colleges were promoted as Principals even though they did not possess requisite qualification as prescribed by AICTE. DTE had given notional promotions to 25 teaching staff with effect from an incorrect date, which resulted in extending promotion to the candidates during ineligible period.
- Audit observed extension of UGC/AICTE pay scales to 924 teaching staff, who did not possess qualification *i.e.*, NET/SLET or Ph.D, which was a mandatory condition prescribed by UGC in 136 test-checked Degree/ B.Ed/Law colleges and nine Universities.

The State Government (Higher Education in its reply and Medical Education in the exit conference) stated (December 2017) that after examination of cases and obtaining opinion of the Finance Department final compliance report would be submitted.

Department of Health and Family Welfare

4.2 Deficiencies in quality assurance while procuring and distributing drugs

Poor quality assurance by the Karnataka State Drugs Logistics and Warehousing Society resulted in distribution of non-standard quality drugs. Besides, the Society did not recover ₹2.11 crore being the cost of these non-standard quality drugs.

The Karnataka State Drugs Logistics and Warehousing Society (Society) was established (2003) with the main objective of establishing an efficient, cost effective and decentralised Drug Logistics and Warehousing System in the State. The Society was procuring drugs, chemicals and miscellaneous items for use in various health institutions of the State. The procurement was through Rate Contracts (RCs) which were finalised from time to time through tender process. During 2014-15 to 2016-17, the Society procured 14,209 batches of 1,110 different drugs for ₹535.22 crore. On scrutiny of records, we observed the following:

(i) Shortfall in testing of drugs procured

In order to ensure quality of the drugs procured, the RCs of the Society for supply of drugs envisaged that the purchaser shall test each batch or batches selected at random from the consignment, either at the time of receiving the goods or at any time during the shelf life of the product, at any laboratory approved under the Drugs and Cosmetics Act, 1940, and Rules apart from the routine sampling that might be carried out by the Drugs Controller and Regulatory authorities. Since the drugs were to have active ingredients as per the specifications throughout the shelf life, the samples were to be drawn periodically throughout the shelf life. An amount equivalent to 0.5 *per cent* of the cost of drugs supplied was to be deducted from the bills at the time of payment. The Society empaneled four⁴⁶ laboratories to conduct the required number of quality tests.

The details of drugs procured and tested by the Society during 2014-15 to 2016-17 are indicated in **Table-4.4**.

Table-4.4: Details of batches of drugs procured and tested by the Society during 2014-15 to 2016-17

Sl. No.		2014-15	2015-16	2016-17	Total
1.	Batches of Drugs procured by Society	5,872	3,745	4,592	14,209
2.	Samples sent for testing	2,263	2,532	1,981	6,776
3.	Samples declared NSQ* by Society	15	4	8	27
4.	Samples declared NSQ by Drugs Controller	18	40	19	77

* Not of standard quality

⁴⁶ Standard Laboratories-Delhi; PRK Pharma Analysts-Hyderabad, Delhi Test House-Delhi, and Ozone Laboratories-Delhi.

In this regard, we observed the following:

- From the table, it was evident that out of 14,209 batches required to be tested during 2014-15 to 2016-17, only 6,776 batches of drugs (48 *per cent*) were tested. Thus, 7,433 batches of drugs were supplied to patients without testing/quality assurance.
- Out of 6,776 batches of drugs, which were tested, 27 batches of drugs worth ₹1.23 crore were declared by Society as Not of Standard Quality (NSQ).
- In addition, during 2014-15 to 2016-17, the State Drugs Controller had also declared 77 batches of drugs worth ₹4.08 crore drawn randomly from the warehouses of the Society as NSQ. This included 19 batches of drugs worth ₹0.55 crore, which were declared as Standard Quality by the empaneled laboratories of the Society. Thus, there was variance between the reports of empaneled laboratories of the Society and the State Drugs Controller.

(ii) *Inordinate delay in communication of NSQ drugs to warehouses/hospitals*

Prompt communication with hospitals and warehouses is necessary to ensure that NSQ drugs are not issued to patients. However, we noticed delay while communicating NSQ details to the warehouses/hospitals as detailed in **Table-4.5** below:

Table-4.5: Delay in communication of NSQ by the Society

Delay (in days)	Number of cases
8-15	13
16-30	17
31-45	08
46-60	05
61-100	06
More than 100	01
Total	50

(iii) *Non-replacement of drugs*

As per the conditions of contract, the entire batch of any drug declared as NSQ during testing by the Society or by the Drugs Controller or by any other authority should be replaced by the suppliers irrespective of the quantity available in stock within 30 days from the date of receipt of communication. In case of default, the Society had to forfeit the Security Deposit (SD) furnished by the supplier and in respect of other damages, the Society was to take action under the existing laws to recover such loss and to blacklist the supplier. In addition, an amount equivalent to 0.5 *per cent* of the cost of batch of drugs declared as NSQ shall be recovered from the Contractor towards the expenses for its destruction.

In this regard, we observed the following:

- Out of 104 batches of drugs declared as NSQ, the drugs in respect of 12 batches were replaced. Out of balance 92 batches, recovery of loss in

respect of 73 batches of drugs which amounts to ₹4.86 crore (including cost of destruction) is yet to be made.

- Further, action was not initiated by the Society to adjust SD furnished by the suppliers in respect of 73 batches of drugs declared as NSQ. SD amount available with Society in respect of the said drugs work out to ₹0.24 crore.
- Out of 20 companies, whose drugs were declared as NSQ, four companies were blacklisted by the Society/other States. Hence, recovery of ₹69.33 lakh⁴⁷ was doubtful since the amount to be recovered was more than SD furnished by respective companies to this extent.

(iv) Blacklisting of defaulting contractors

As per the contract, if two or more than two products of a firm failed in the quality tests, then that firm was to be black listed. Further, the contractor and his establishment blacklisted by the Society or any State/Central Government will not be eligible to participate in any of the departmental tenders for subsequent five years.

During 2014-15 to 2016-17, we observed that though two or more than two drugs were declared NSQ in respect of 16 suppliers, the Society black listed only two⁴⁸ suppliers.

Thus, due to poor quality assurance by the Society, low quality drugs were not withdrawn from distribution even after they were declared as NSQ. Besides, due to poor recovery mechanism, the Society failed to recover ₹4.86 crore being the cost of these NSQ drugs.

In reply, the Government stated (September 2017) the following:

- From 2015 onwards, the successful bidders were to provide National Accreditation Board for Testing and Calibration Laboratories (NABL) report and analytical report of their own laboratory for every batch of drugs at the time of supply of consignment.

The reply is partially acceptable. Though the system put in place had reduced the number of cases of NSQ, the ideal number should have been nil. However, it was observed that there still persisted few cases of NSQ after 2015. The Society needs to institutionalise a mechanism to address such cases.

- Due to improper storage and other related matters, drugs which were randomly drawn by the Drugs Controlling Authority failed quality tests even though they were declared as standard quality earlier by the Society.

This indicates that the storage of drugs was poor as during 2014-15 to 2016-17, 19 batches of drugs were declared NSQ by Drugs Controller when these were declared as standard quality by Society. Thus, the Government needs to improve storage facilities.

⁴⁷ M/S.SGS Pharma-₹15.40 lakh, M/S.Mino Pharma-₹23.02 lakh, M/S.Jackson Laboratories-₹30.91 lakh, M/S.Zee Laboratories-Nil.

⁴⁸ M/S.SGS Pharma and M/S.Mino Pharma Laboratories Limited.

- While ₹2.75 crore out of ₹4.86 crore was recovered from the suppliers for issuing NSQ drugs, ₹1.26 crore would be recovered from security deposit amount of the suppliers.

Action needs to be taken on priority to recover the said amount through SD.

- Details of NSQ drugs were forwarded immediately to all warehouses to stop usage of NSQ drugs.

Since, there existed delay in communicating details of NSQ drugs, as already discussed, the process needs to be streamlined.

4.3 Avoidable expenditure

Karnataka State Drugs Logistics and Warehousing Society failed to insert specific clause in the tender/contract document for availing concession on Central Excise Duty. This resulted in avoidable expenditure of ₹76.55 lakh towards purchase of ambulances.

Notification No.12/2012-Central Excise dated 17 March 2012 of the Central Excise Department, Government of India, provide that excise duty on a motor vehicle registered solely for use as an ambulance shall attract a concessional duty of 12 *per cent*. Subsequently, it revised the concessional duty to eight *per cent* vide notification No.4/2014-Central excise dated 17 February 2014. Further, condition No.26 of the Notification dated 17 March 2012 provides for refund of excess duty paid on these vehicles as prescribed in the first and second schedules, which shall be refunded to the buyer through the manufacturer. The benefit of refund was available subject to production of a certificate within six months (including three months extension, which could be provided by the competent Excise Officer) from an officer authorised by the concerned State Transport Authority, to the effect that the said motor vehicle was registered for sole use as an ambulance.

Karnataka State Drugs Logistics and Warehousing Society (Society), responsible for procurement of drugs, chemicals and medical equipment for the Institutes under the Department of Health and Family Welfare, procured 398 ambulances during 2012-13 and 2013-14 under National Rural Health Mission scheme. The details of procurement are as indicated in **Table-4.6**.

Table-4.6: Details of procurement of ambulances

Sl. No.	Date of purchase order	Name of Supplier	Number of ambulances	Amount (in ₹crore)	Mode of Purchase
1	19 March 2013	Tata Motors Limited (Tata Winger)	200	12.99	DGS&D Rate Contract
2	7 May 2014	Khivraj Motors* (Force Traveler)	198	29.70	Tender
	Total		398	42.69	

*Authorised dealer of M/s Force Motors Limited, Pune

In order to avail the benefit of exemption on Central Excise Duty (CED), a specific clause was to be inserted in the tender/contract document by the

Society and the supplier agency was required to get the exemption on CED in respect of vehicle registered as an ambulance. We, however, observed that the quoted rates by the suppliers were inclusive of CED and the Society did not insert any clause regarding exemption of CED in its tender/contract document. CED at the rate of 13.125 *per cent* and cess @ three *per cent* thereon paid by Tata Motors Limited and Khivraj Motors was ₹67,092 and ₹84,289 per ambulance respectively. Hence, the total CED paid by the Society on the above two contracts worked out to ₹3.01 crore.

The excise duty refundable on the ambulances procured as detailed above was ₹11.45 lakh and ₹65.10 lakh respectively totaling to ₹76.55 lakh⁴⁹.

Thus, failure on the part of the Society to insert specific clause on exemption of CED resulted in payment of excess CED of ₹76.55 lakh on purchase of ambulances, which was avoidable.

The Government replied (November 2017) that the society was not aware of the refund available under the notifications issued by Central Excise and hence, due to lack of knowledge, refund provision was not included in the tender. Besides, it stated that the expenditure was on account of taxes paid to Government of India and was not an infructuous expenditure. However, the fact remained that avoidable expenditure was incurred out of State exchequer.

Department of Housing

4.4 Avoidable expenditure due to non-payment of compensation

Karnataka Housing Board delayed payment of compensation for more than 21 years in respect of 1 acre 20 guntas of land acquired at Valagerahalli, Bengaluru. This resulted in payment of enhanced compensation of ₹15.26 crore under the Land Acquisition Act, 2013.

Provisions for acquisition of land and payment of compensation under Karnataka Housing Board Act, 1962 (KHB Act), Land Acquisition Act, 1894 (LA Act), and Right to fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LA Act) are as follows:

⁴⁹ Tata Motors Limited: Basic price of Ambulance-₹4,96,292; Excise duty refundable (13.12 *per cent minus 12 per cent*) + 3 *per cent* cess = ₹5,725.22 x 200 = ₹11.45 lakh.
Khivraj Motors: Basic price of Ambulance - ₹6,23,499; Excise duty refundable (13.12 *per cent minus 8 per cent*) + 3 *per cent* cess = ₹32,881.21 x 198 = ₹65.10 lakh.
Total: ₹76.55 lakh.

KHB Act, 1962	
Section 33	The Board may enter into an agreement with any person for the acquisition from him by purchase, lease or exchange, of any land, which is needed for the purpose of a housing scheme. Also, the Board may take steps for the compulsory acquisition of any land for the execution of a housing scheme in the manner provided in the LA Act, 1894.
Land Acquisition Act, 1894	
Section 31	On making an award under Section 11, the Deputy Commissioner shall deposit the amount of the compensation in the Court if there be any dispute as to the title to receive the compensation or as to the apportionment of it.
Right to fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2013	
Section 24(2)	In case of land acquisition proceedings initiated under the LA Act, 1894, where an award under the said section 11 is made five years or more prior to the commencement of this Act but the physical possession of the land is not taken or the compensation is not paid the said proceedings shall be deemed to have lapsed and the appropriate Government, if it so chooses, shall initiate the proceedings of such land acquisition afresh in accordance with the provisions of this Act: Provided that where an award is made and compensation in respect of a majority of land holdings is not deposited in the account of the beneficiaries, then, all beneficiaries specified in the notification for acquisition under Section 4 of the said LA Act, 1894, shall be entitled to compensation in accordance with the provisions of this Act.

Karnataka Housing Board (Board) issued preliminary notification (June 1990) and final notification (May 1992) for acquiring 11 acres 04 guntas of land located in the Valagerahalli Village, Kengeri, Bengaluru South for execution of a housing scheme. Out of the said 11 acres 04 guntas of land, 03 acres 02 guntas of land was under dispute⁵⁰. Thus, the Special Land Acquisition Officer (SLAO) of the Board, while passing (August 1993) the award for payment of compensation of ₹3.78 lakh for the said land, directed the Board to deposit the compensation payable for 03 acres 02 guntas of land in the Court as per Section 31 of the LA Act, 1894. The said proposal was also approved (September 1993) by the Commissioner of the Board.

However, we observed that contrary to his own proposal mentioned above, SLAO while issuing (September 1993) award notice for the said 03 acres 02 guntas of land stated that compensation for 01 acre 22 guntas of land would be deposited in the Court and compensation for the remaining 01 acre 20 guntas would be made after settlement of Writ petition filed by Karnataka Minority Welfare House Building Co-operative Society. Accordingly, the Board deposited (July 1994) ₹1.89 lakh in the Court towards compensation of 1 acre 22 guntas only.

⁵⁰ In respect of 1 acre 20 guntas, Karnataka Minority Building Welfare House Building Co-operative Society, who purchased the said land after issue of preliminary notification by the Board had filed writ petition in High Court. Regarding remaining 1 acre 22 guntas, land owners failed to produce record of rights.

Subsequent to the dismissal (August 1998) of the Writ Petition by the Hon'ble High Court, the Board took possession of entire 03 acres 02 guntas of land (December 1999). As per Section 31 of the Land Acquisition Act, 1894, the compensation was to be deposited in the Court in the event of any dispute in respect of title to the land. However, the same was not done by the Board. Later, it initiated (March 2012) proposal towards construction of commercial complex in the said land and received (April 2012) Government's approval towards the same.

From the records, we observed that though the Board had taken possession of land and proposed construction of commercial complex, it did not initiate any action to release the compensation for the 01 acre 20 guntas of land. This prompted the landowners to file a Writ Petition initially in 2011, which was dismissed by the Hon'ble High Court. Thereafter, on the LA Act, 2013 coming into effect from 1 January 2014, the landowners once again approached the Hon'ble High Court to declare the acquisition process as lapsed under Section 24(2) of the LA Act, 2013. Since the Board did not take any action to release compensation under both the LA Acts, the Hon'ble High Court declared (August 2015) the acquisition process as lapsed.

Subsequently, as the said land was considered necessary by the Board, the Board approached the Hon'ble High Court and as per its directions released payment of compensation (₹15.26 crore) to the land owners between November 2015 and December 2016.

Thus, acquisition of 1 acre 20 guntas of land by the Board, without payment of compensation even after 21 years of passing of award resulted in invoking of provisions under LA Act, 2013 and Hon'ble High Court declaring the acquisition as lapsed. This led to payment of avoidable enhanced compensation of ₹15.26 crore in place of ₹1.89 lakh for repurchase of the said land.

The Government replied (April 2017) that decision was taken to identify the officials responsible for non-payment of compensation/deposit amount in civil court in time, and to initiate disciplinary action against the said officials.

Department of Labour

4.5 Suspected fraudulent payment of ₹0.20 lakh

Suspected embezzlement of ₹20,000 in Karnataka State Child Labour Eradication Society by fraudulently manipulating the invoice presented for payment.

Provisions for regulating contingent expenditure in the various departments of the State and also other offices are envisaged in the Manual of Contingent Expenditure, 1958 (Manual). The Manual lays down responsibilities of both Drawing Officer as well as Controlling Officer, records in support of contingent expenditure which are mandatorily required to be maintained in the offices. Further, Article 50

of the Karnataka Financial Code read with Rule 42(b) of the Manual stipulates for obtaining proper receipt/ acknowledgement from the payee.

As per the Bye-laws of the Karnataka State Child Labour Eradication Project Society (Society), the Managing Committee is fully responsible for its day-to-day administration of the financial and other affairs. For this, it is required to ensure proper maintenance of records as well as accounts of the Society. Secretary is overall in-charge of the administration and execution of all programmes / financial matters of the Society. Treasurer along with Member Secretary signs all the cheques of the Society.

During scrutiny (May 2017) of records of the Society for the period 2015-2017, we noticed that an amount of ₹21,944 was drawn vide cheque number 548104 dated 2 August 2016 for making payment towards travelling conveyance. The amount was drawn by an official of the Society on 5 August 2016.

Further scrutiny of the relevant records⁵¹ and the voucher showed the following:

- The voucher for the fuel expenses issued by the service station (Bill number 1338 dated nil for supply of 40 litres of diesel @ ₹48.60 per litre indicated the amount in figures as ₹21,944, whereas the amount in words was stated as 'Rupees one thousand nine hundred forty-four'. Hence, the amount in figures, for which, the payment was made was deliberately manipulated by inserting numeric two in ten thousandth place as the quantity of fuel supplied at the rate mentioned did not match with the amount passed for payment. Thus due to manipulation, there was excess drawal of ₹20,000.
- While the ledger of travelling conveyance showed the amount passed as Travelling Allowance bill of an official, the cheque issued register indicated the payment as petrol allowance – October 2015.

Failure in following procedures laid down for regulating contingent expenditure *viz.*, checks for preparation of bills by Drawing Officer, scrutiny of bills by Controlling Officer, non-maintenance of Contingent Register and non-obtaining of acknowledgement from the payee for having received the payment resulted in suspected fraudulent payment of ₹20,000 to an official. An amount of ₹21,944 was passed for payment, whereas the actual amount was only ₹1,944.

On this being pointed out, the Society recovered (5 May 2017) an amount of ₹21,500 from the Accounts Officer. It also replied that action would be initiated to conduct detailed inspection of all records and obtain explanation from all concerned officials.

Government replied (November 2017) that after obtaining approval of Joint Labour Commissioner, ₹21,944 was withdrawn towards petrol expenses and repairing the office vehicle. It further stated that on

⁵¹ Cheque issued register and Travelling Conveyance ledger.

utilising ₹1,944 towards petrol expenses, balance ₹20,000 was kept as petty cash, which was remitted back to bank account during May 2017. The reply is not acceptable as there was mismatch between the amount in figures and amount in words in the voucher and the cash bill number 79245 dated 30 October 2015 of the same station stated 40 liters of diesel with amount as ₹21,944. This clearly indicated that the vouchers were deliberately manipulated. Further, the procedures required for regulating contingent expenditure was not followed by the Treasurer as well as by the Member Secretary. The matter, therefore, calls for investigation and fixing of responsibility for deliberate manipulation.

Department of Primary & Secondary Education

4.6 Excess distribution of uniforms

In five districts there were huge variations in the number of students to whom uniforms were distributed under Vidya Vikasa Yojane during 2015-16 and 2016-17 when compared to the student strength as per U-DISE data. This indicated that there was a possibility of excess distribution of uniforms worth ₹1.72 crore in five districts.

The Government of Karnataka is implementing Vidya Vikasa Yojane for students of Class I to X studying in Government schools. Under the scheme, cloth for one set of uniform and funds for one pair of shoes and two pairs of socks are released to the schools by Commissioner of Public Instructions (CPI). The release is based on indents obtained from the respective Deputy Directors of Public Instruction (DDPIs), who in turn collect information from the concerned Block Education Officers (BEOs).

CPI, through State Project Director, Sarva Shiksha Abhiyan is also responsible for preparation of State report of the Unified District Information System for Education (U-DISE), which collects information on enrolment, availability of infrastructure and teachers and other facilities available in all schools across the country. Since the data for U-DISE and also for the scheme for distribution of uniforms and shoes and socks is collected by same institutions, the data should match or should have minimal variations. In addition, during any year, number of students considered for both the benefits should ideally be the same.

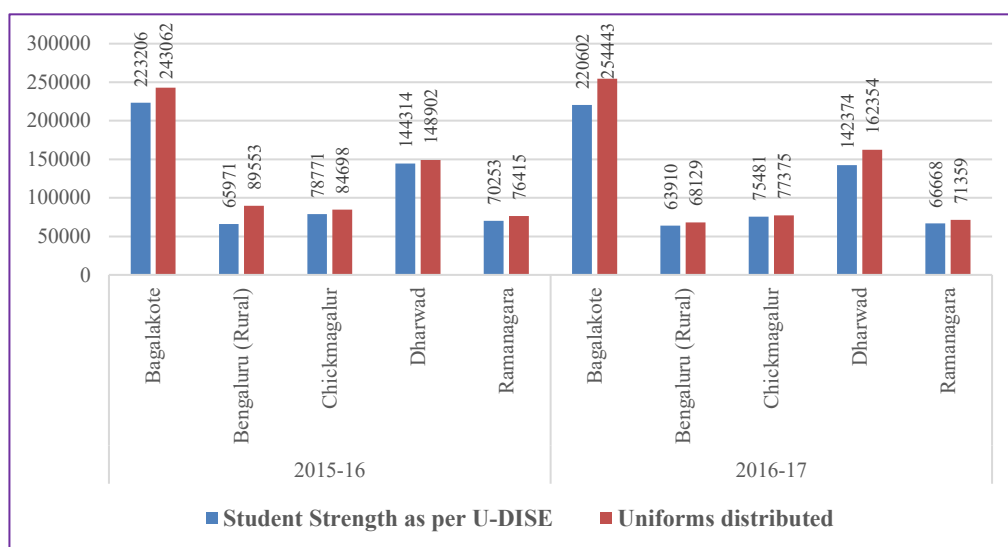
On scrutiny of records, we observed that during the academic year 2015-16, while CPI placed purchase orders for 52,73,028 sets of uniforms, it released funds for purchase of shoes and socks for 47,42,713 number of students. However, according to U-DISE database, only 47,45,846 number of students were enrolled in the Government schools in Class I to X across the State during 2015-16. Similarly, during 2016-17, it placed purchase order for 49,44,874 sets of uniforms against student strength of 46,50,340 (U-DISE). Hence, there was a huge variance between U-DISE data and purchase orders for uniforms. Complete information regarding uniforms

actually distributed during 2015-16 and 2016-17 was not available except in five⁵² districts.

Audit observations on analysis of information provided by the five district are discussed below:

- The number of students for whom funds were released to schools for shoes and socks (5,82,665) during 2015-16 is almost similar to the number of students enrolled (5,82,515) as per U-DISE data. However, number of uniforms distributed in 2015-16 and 2016-17 was far in excess of number of students enrolled as per U-DISE data as detailed in **Chart-4.3**. Thus, there was a possibility of excess distribution of 60,115 and 64,625 uniforms worth ₹1.72 crore⁵³ during 2015-16 and 2016-17 respectively.

Chart-4.3: Details of number of students who availed benefit of uniforms as per U-DISE in five districts of the State



- The number of students as per fund release for shoes and socks for the years 2015-16 is 59,965 less than the number of students to whom uniforms have been distributed.
- The format for indent received from districts includes details of “undistributed set of uniforms at the beginning of the year” besides the details of uniforms received, uniforms distributed and undistributed uniforms in the current year. Ideally, the closing balance of previous year should be opening balance of subsequent year. However, on comparison of closing balance of uniforms of previous year with opening balance of uniforms of subsequent year, we observed that there was a mismatch in all the five districts as brought out in **Table-4.7**. This indicated that the uniforms were not accounted for in any of the five districts.

⁵² Bagalkot, Bengaluru (Rural), Chickmagalur, Dharwad and Ramanagara.

⁵³ Conservative estimate at lowest slab rate of ₹138 per set.

Table-4.7: Details of Closing Balance and Opening Balance of Uniforms

District	CB in 2014-15	OB in 2015-16	CB in 2015-16	OB in 2016-17
Bagalkote	668	0	36,045	43,862
Bengaluru (Rural)	300	0	400	19,196
Chickmagalur	11,801	8,409	7,595	7,235
Dharwad	3,721	0	4,789	0
Ramanagara	640	934	1,904	4,007

Thus, there was huge variation in indents as well as distribution of uniforms when compared to U-DISE data due to lack of mechanism to cross-check the information received from districts with other sources. This resulted in possibility of excess distribution of 1,24,740 uniforms worth ₹1.72 crore to non-existing children. Since the variation between uniforms supplied to districts and U-DISE data for 2015-16 and 2016-17 in the entire state was 5,27,182 worth ₹7.27 crore⁵⁴ and 2,94,534 worth ₹4.06 crore respectively, the State Government may examine the matter in respect of all districts.

In this regard, the State Government replied that the process of compiling the indents for 2015-16 began during the month of September/October 2014 by collating the details available at hand. Further, it stated that during that period U-DISE data pertaining to the year 2013-14 was available. This reply is not acceptable as the U-DISE data for the year 2014-15 is available with State Project Director, SSA by October 2014, when the indents for uniforms are received from DDPIs.

Further, the reply was silent about the reasons for distribution of uniforms in the five districts in excess to the number of students as per U-DISE data. The reply was also silent about the variations between closing balances and opening balances of uniforms and difference between number of students given uniforms and shoes and socks in the five districts.

Department of Revenue

4.7 Avoidable expenditure due to excess acquisition of land

Excess acquisition of 0.24 acres of land by the Revenue Department and its transfer to South Western Railways resulted in extra expenditure of ₹9.75 crore by the State Government.

The Government of Karnataka accorded (February 2011) administrative approval for 'Construction of eight lane signal free corridor from Okalipuram junction to Fountain circle in Bengaluru City' with Bruhat Bengaluru Mahanagara Palike (BBMP) as the implementing agency. The said work required 3.16 acres of land belonging to South Western Railways (SWR). SWR agreed (November 2012) to hand over the above land subject to acquisition and transfer of equal area of Binny Mill land essential for its operational convenience. Subsequently, SWR identified 3.16 acres of land which it required and communicated the same to the Revenue Department during November 2012.

⁵⁴ Conservative estimate at lowest slab rate of ₹138 per set.

In this connection, we observed that the State Government approved (January 2013) acquisition of 3 acres 16 guntas⁵⁵ (3.4 acres) of Binny Mill land invoking the emergency clause⁵⁶ under Section 17(1) and (4) of the Land Acquisition Act, 1894, instead of 3.16 acres of land. Hence, the State Government ordered for an excess acquisition of 0.24 acres of land. Based on the above order, the Special Land Acquisition Officer took possession of 3 acres 16 guntas (3.4 acres) of land on 16 January 2014 and handed it over to SWR on 21 March 2014. Thus, excess land measuring 0.24 acres was handed over to SWR.

The compensation was fixed at ₹158.24 crore and the interest thereon due to delay in payment of compensation was released to the land owner in three installments during April 2014, March 2015 and December 2015.

Due to excess acquisition of land, the State Government incurred extra expenditure of ₹9.75 crore⁵⁷ towards compensation and interest thereon for delay in payment of compensation to the landowner.

Thus, due to lapse in issue of Government Order by the Revenue Department, it resulted in excess acquisition of land and its transfer to SWR leading to extra expenditure of ₹9.75 crore.

Government in its interim reply (December 2017) stated that final reply would be furnished after examination.

Department of Urban Development

4.8 Avoidable extra expenditure due to adoption of incorrect shell thickness of Mild Steel pipes

Karnataka Urban Water Supply and Drainage Board adopted higher shell thickness of Mild Steel Pipes in the two Water Supply Schemes to Bailahongal and Guledagudda, which resulted in avoidable expenditure of ₹1.67 crore.

The Karnataka Urban Water Supply and Drainage Board (Board) implements Water Supply Schemes (WSS) and Underground Drainage Schemes in the urban areas of the State except Bengaluru city.

Pipelines are major investments in any WSS and as such represent a large portion of the capital investment in the Board. Therefore, while selecting pipe materials and also during designing pipelines, careful consideration of the

⁵⁵ One acre = 40 Guntas.

⁵⁶ In case of urgency, the Government may direct the Deputy Commissioner to take possession of any land needed for public purpose where no award is made on the expiry of 15 days from the publication of the notice under Section (9) subsection (1). Such land shall vest absolutely in the Government free from all encumbrances. Also, in such cases, provisions of subsection (5)(a) shall not apply.

⁵⁷ The cost towards 10 per cent establishment charges and one per cent towards administrative cost was not considered.

appropriateness and cost involved is called for. The Board while designing pipelines for all WSS, adopts Hoop Stress method⁵⁸ for calculating shell thickness of Mild Steel (MS) pipes for raw water mains of various diameters.

Government of Karnataka, administratively approved WSS to Bailahongal (January 2009) and Guledagudda (February 2009) at an estimated cost of ₹34.00 crore and ₹59.92 crore respectively. The scheme included laying of 8,120 running meters (Rmt) of 610 mm Outer Diameter (OD) pipe in Bailahongal and 32,755 Rmt of 508 mm OD pipe in Guledagudda. The works were completed during August 2014 and final Running Account Bills were yet to be settled (August 2017).

On scrutiny of records of WSS to Bailahongal and Guledagudda towns, we observed that the minimum thickness of MS pipes required in the above two WSS using the Hoop Stress formula, was worked out as 1.9 mm and 2.28 mm respectively. In the Detailed Project Reports (DPR) of these two works, we observed that the shell thickness of MS pipes was proposed by the Executive Engineer and approved by the Managing Director of the Board was 5.6 mm after recording the following reasons:

WSS to Guledagudda	<ul style="list-style-type: none"> • The minimum thickness available in the market for the pipeline with outer diameter of 508 mm is 5.6 mm. • During handling of pipes at the site, due to less thickness, the pipes would lose their shape. As a result, welding of pipes would be difficult.
WSS to Bailahongal	<ul style="list-style-type: none"> • As per Board's Schedule of Rates, the minimum thickness available was 5.6 mm. • Ratio of inner diameter to the thickness of MS pipe for 5.6 mm thickness was less than 1.58 mm, which was adequate to prevent external deflection and vacuum buckling of pipeline.

However, from the records, we observed that against the above recommendation, the Board provided 6.4 mm thickness pipeline in the estimates of both the above said WSS and the work was awarded accordingly. Since the DPRs were prepared based on individual requirement of the projects, adoption of higher thickness than required as per approved DPR resulted in avoidable expenditure of ₹1.67 crore as detailed in **Table-4.8**.

Table-4.8: Avoidable expenditure on account of adoption of higher shell thickness

Sl. No	Name of WSS	Outer diameter (in mm)	Thickness proposed in DPR (in mm)	Thickness adopted (in mm)	Additional thickness provided (in mm)	Length of the pipe (in rmt)	Additional weight ⁵⁹ (in metric tonne)	Rate of steel / metric tonne (₹)	Avoidable extra expenditure (₹ in lakh)
1	Bailahongal	610	5.6	6.4	0.8	8,120	97.60	53,500 (CSR 2012-13)	52.22
2	Guledagudda	508	5.6	6.4	0.8	32,755	327.88	35,000 (CSR 2009-10)	114.76
	Total								166.98

⁵⁸ Hoop stress is defined as the force exerted circumferentially in both direction on every particle in the cylinder wall. Hoop stress = $pd/2t$.
Where p = pressure in pipe in kg/cm², d= inner diameter of the pipe in cm, t= thickness of MS plate in cms and Hoop stress = 1500 kg/sq cm.

⁵⁹ Excess weight in kgs/meter = [Outer diameter (in mm) – additional thickness (in mm)]* additional thickness (in mm) * 0.0246615.

The Government replied (September 2017) that the shell thickness of 6.4 mm was proposed in DPR after giving consideration of other factors *viz.*, ability to withstand stress imposed during construction, deformation when not under pressure, external loads *etc.*, that influence the design. The reply is not acceptable as shell thickness of 5.6 mm itself was proposed against 1.9 mm & 2.28 mm thickness worked out after considering the above factors in WSS to Bailahongal and Guledagudda towns respectively.

4.9 Avoidable expenditure

Bangalore Development Authority awarded work of construction of Signal Free Corridor to a contractor without ensuring availability of land in violation of Karnataka Public Works Departmental Code. This resulted in rescinding of the contract and avoidable expenditure of ₹99.33 lakh on settlement of contractual obligations.

Paragraph 135 of the Karnataka Public Works Departmental Code, stipulates that the Department should ensure availability of site and other requisites such as sanctions from appropriate authorities, design and drawings and provision of funds before inviting tenders for a work.

Government of Karnataka entrusted (August 2010) work of Signal Free Corridor from Mekhri Circle to Km10 of NH4 Bengaluru-Pune section to Bangalore Development Authority (BDA). The administrative approval for first phase of the work, which included Construction of flyover at New Bharat Electronics Limited Road (New BEL Road) junction and an under pass at MS Ramaiah road junction along Sir CV Raman Road, was accorded (September 2010) by BDA at an estimated cost of ₹27 crore. After following due procedures, the work was entrusted (September 2011) to the lowest bidder at a contract price of ₹25.29 crore.

In order to execute the above work, BDA was required to acquire 7,962 square metres (sqm) of land from various Central Government Organisations *viz.*, Indian Air Force (IAF), Indian Institute of Science, Central Power Research Institute, Bharat Heavy Electricals Limited, *etc.*, situated along the stretch of Sir C V Raman Road.

From the records, we observed the following:

- BDA approached IAF for transfer of 533.34 sqm of land in March 2012 *i.e.*, seven months after issue of work order (September 2011) for the project.
- IAF turned down the request of BDA stating that as per the Memorandum of Understanding (August 2005) signed between IAF and Bruhat Bengaluru Mahanagara Palike (BBMP), no further widening in Air Force land alongside Sir C V Raman Road would be proposed by BBMP. It also stated that the land sought by BDA would directly impinge the functioning of the Kendriya Vidyalaya School.
- Subsequently, BDA decided (February 2013) not to implement the project due to non-availability of land from IAF and delay in response from other landowners. BDA rescinded the contract (March 2013).

- Thereafter, the contractor requested (April 2013) appointment of an arbitrator for adjudication under Arbitration and Conciliation Act, 1966, for which, BDA appointed an arbitrator in June 2013.
- The arbitrator passed an award (December 2014) with directions to BDA to pay ₹78.63 lakh to the contractor within 90 days, failing which, interest @ 18 per cent per annum would have to be paid from the date of award till the date of actual payment.
- BDA after a delay of one year accorded approval (December 2015) for payment of ₹94.56 lakh⁶⁰ (including interest) to the contractor. The amount was paid in April 2016. Besides, BDA also incurred expenditure of ₹4.77 lakh towards arbitrator professional charges.

Thus, injudicious decision of BDA to entrust the work prior to acquisition of land in violation of codal provision resulted in avoidable expenditure of ₹99.33 lakh.

The matter was referred to Government in September 2017; reply was awaited (December 2017).

Department of Welfare of Backward Classes

4.10 Unauthorised investments in Mutual funds and fraudulent misrepresentation of the resultant losses

Executive Director of Karnataka Backward Classes Department Buildings Construction Society unauthorisedly invested ₹10.50 crore of Society funds in Mutual funds and incurred a loss of ₹1.79 crore. This loss was fraudulently misrepresented as profit of ₹0.23 crore by way of including an unauthorised investment of ₹2.13 crore by Bangalore Development Authority in favour of the Society.

The Karnataka Backward Classes Department Buildings Construction Society (Society) is established to manage hostel buildings, shelter, office buildings of the Department. As per the Memorandum of Association of the Society, the management of the Society vests with the Governing Council (GC), which is the competent authority to maintain the funds of the Society and to invest the funds in such manner as the Society may decide. The Executive Director (ED) of the Society is over all in-charge of all functions of the Society and operates its bank accounts.

As per the guidelines issued by the Karnataka State Bureau of Public Enterprises, no investments are to be made by a Public Sector Enterprise in Public and Private Mutual Funds, where its operations were equity based.

On scrutiny of Society's records, we observed that contrary to the above guidelines, the Society, during December 2005 and May 2006 invested ₹10.50 crore out of its own funds in HSBC Mutual Fund. Against the said investment, the Society claimed to have redeemed (between March 2006 and July 2006) ₹10.83 crore.

⁶⁰ ₹78.63 lakh + 18 per cent interest on ₹78.63 lakh for 13 months and 17 days.

Report of the Comptroller and Auditor General of India on General and Social Sector for the year ended March 2015, Government of Karnataka, contained the findings of a Special Audit of the Investments made by the Bangalore Development Authority (BDA) in Mutual Funds. During the Special Audit, we observed that two Banker's cheques of ₹2.13 crore⁶¹ were drawn by debiting unauthorised accounts of BDA and were used to invest in Mutual Fund in favour of the Society instead of BDA⁶². The State Government also ordered a parallel investigation by the State Criminal Investigation Department (CID).

Subsequent to the Special Audit of BDA, the Commissioner of BDA communicated (August 2015 and October 2015) to the Society that though the Society redeemed the investments and realised the money, it did not return the amount and hence claimed refund of ₹2.13 crore along with interest.

The Society in reply (November 2015) to the above claim, informed BDA that ₹2.13 crore was invested with HSBC Mutual Fund in favour of the Society by ED after relinquishing his charge as ED of the Society. Further, the Society stated that as no bank transactions were recorded in the Society's books of account for the said investment, the concerned officer was responsible for the said irregular financial transaction.

Thereafter, based on the briefing of the progress of the case by CID, the Additional Chief Secretary, Urban Development Department decided (15 March 2017) to freeze the Society's bank account to the extent of loss incurred by BDA *i.e.*, ₹4.67 crore⁶³. The amount is yet (June 2017) to be returned to the Society.

In this regard, we observed the following:

- GC of the Society did not delegate the functions of administering the funds including investment of deposits in the funds to ED. Hence, all the decision making power with regard to investments rested with the GC. Further, the Society did not constitute an Investment Committee for setting benchmarks, reviewing investment activities and performances of the investments made.
- ED, contrary to the Memorandum of Association of the Society as well as guidelines issued by the State invested the Society's moneys in Mutual Funds by recording (November 2005) in the notings as 'that since the Fixed Deposit schemes of banks do not yield much benefit to the Society, we may consider investing in other schemes of the commercial bank which yield much higher return as done in other Government agencies such as Karnataka Power Transmission

⁶¹ One for ₹two crore drawn on 26 June 2006 and the other for ₹12.68 lakh drawn on 30 June 2006.

⁶² It is relevant to mention here that audit is neither equipped nor empowered to investigate the transfer of such funds from a criminal or forensic point of view by collecting evidence externally. The criminal investigation by the State CID is, however, expected to throw light on the linkage between the unauthorised transfer of fund from BDA to the Society and the concerned ED.

⁶³ Investment of ₹2.13 crore + Interest of ₹2.54 crore calculated at the rate of 12 *per cent* from April 2006 to February 2017 when the accounts were frozen.

Corporation Limited, Krishna Bhagya Jala Nigam Limited, Coffee Board, Bangalore Development Authority, etc.

- The above decision of ED was in contradiction to the decision (September 2005) of GC to invest the funds in Fixed Deposits. ED further recorded that ratification for investing in Mutual Funds would be obtained in the next GC meeting. However, no such ratification was obtained and hence the investments made were unauthorised.
- There was no system in place for verification, periodical review and reconciliation of investments made between the Society and investment agencies. Hence, in the instance case, audit worked out the gain/loss statement from the information made available by the fund house, which is indicated in the **Table-4.9**.

Table-4.9: Net gain/loss on amount invested in Mutual Fund

(Amount in ₹)

Sl. No.	Investment date	Invested amount	Redemption date	Redemption value	Net Gain (+) / Loss (-)
1	21.12.2005	2,50,00,000	06.03.2006	2,60,21,651	(+) 10,21,651
2	25.04.2006	4,00,00,000	20.06.2006	3,08,47,844	(-) 91,52,156
3	27.04.2006	4,00,00,000	20.06.2006 to 28.06.2006	3,02,13,862	(-) 97,86,138
4	26.06.2006	2,00,00,000*	02.07.2006	2,12,88,692	(+)20,692
5	29.06.2006	12,68,000*			
	Total	12,62,68,000		10,83,72,049	(-) 1,78,95,951

* Not reflected in books of the Society.

Hence, there was a loss of ₹1.79 crore against unauthorised investment of ₹10.50 crore of Society's funds in Mutual Funds, which was misrepresented as profit of ₹0.23 crore by investing additional ₹2.13 crore from BDA in Mutual funds without bringing it to Society's books of accounts.

- In reply to BDA's claim, the Society stated that it had no information with regard to investment of ₹2.13 crore in favour of Society and hence claimed that the redemption amount of ₹8.24 crore was against the Society's own investment of ₹eight crore made during April 2006. However, the Accounts Statements dated 30 June 2006 and 3 July 2006 of HSBC received (July 2006) by the Society reflected purchase of units worth ₹2.13 crore on 26 June 2006 and 29 June 2006 under HSBC Cash Fund-Growth. It can, therefore, be concluded that the Society was aware of the additional investment of ₹2.13 crore and did not take action to identify the source of funds for the said investment. Further, the Society masked the loss of ₹1.79 crore and portrayed it as profit of ₹0.23 crore by denying the investment of ₹2.13 crore made in favour of the Society by BDA.
- The loss to the Society on account of fixed deposit interest foregone till June 2017 due to unauthorised investment in Mutual Fund by ED worked out to ₹1.14 crore⁶⁴.

⁶⁴ While working out interest loss, Audit examined the interest earnings of the amounts that were invested in Mutual Fund, at minimum interest of five *per cent* of term deposits in nationalised banks.

Thus, unauthorised investment by ED in Mutual Funds resulted not only in loss of ₹1.79 crore to the Society but also in cumulative interest loss to the extent of ₹1.14 crore. Besides, this loss was fraudulently misrepresented as profit of ₹0.23 crore by ignoring investment of additional ₹2.13 crore of BDA funds in Society's Mutual Funds. This also resulted in freezing of Society's accounts to the extent of ₹4.67 crore.

Government accepted (October 2017) the observations of Audit.

Bengaluru
The

(E.P.Nivedita)
Accountant General
General and Social Sector Audit
Karnataka

Countersigned

New Delhi
The

(Rajiv Mehrishi)
Comptroller and Auditor General of India

Appendices

Appendix-1.1

(Reference: Paragraph - 1.7.1, Page-8)

Year-wise breakup of Outstanding Inspection Reports and Paragraphs (issued upto 31 March 2017)

Year	KUWS&DB		BDA		BWSSB		BMRDA		TOWN & COUNTRY PLANNING		URBAN LAND TRANSPORT		TOTAL	
	Number of IRs	Number of paras	Number of IRs	Number of paras	Number of IRs	Number of paras	Number of IRs	Number of paras	Number of IRs	Number of paras	Number of IRs	Number of paras	Number of IRs	Number of paras
2006-07	30	62	13	44	21	26	0	0	0	0	0	0	64	132
2007-08	6	21	1	5	3	6	1	8	0	0	0	0	11	40
2008-09	8	16	1	4	3	9	0	0	0	0	0	0	12	29
2009-10	11	39	1	22	3	9	0	0	0	0	0	0	15	70
2010-11	11	47	1	10	3	7	0	0	1	1	1	1	17	66
2011-12	11	129	1	25	6	34	0	0	1	2	1	2	20	192
2012-13	11	138	1	24	5	62	0	0	1	1	0	0	18	225
2013-14	8	144	1	16	1	3	0	0	1	4	1	2	12	169
2014-15	8	127	1	15	0	0	0	0	0	0	1	12	10	154
2015-16	6	97	0	0	0	0	1	13	0	0	1	7	8	117
2016-17	0	0	0	0	0	0	0	0	2	12	0	0	2	12
Total	110	820	21	165	45	156	2	21	6	20	5	24	189	1206

KUWS&DB: Karnataka Urban Water Supply and Drainage Board

BDA: Bangalore Development Authority

BWSSB: Bangalore Water Supply and Sewerage Board

BMRDA: Bangalore Metropolitan Region Development Authority

Appendix-1.2

(Reference: Paragraph – 1.7.3, Page-8)

**Details of Departmental Notes pending as on 30 November 2017
(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	13-14	14-15	15-16	Total
1	Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	-	-	01
2	Agriculture, Forest, Home & Transport	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01
3	Education	-	-	-	-	-	-	-	-	-	-	-	-	03	-	-	-	01	03	02	01	10
4	Empowerment of Differently Abled and Senior Citizens	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	01
5	Finance	-	-	-	-	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01
6	Health and Family Welfare Department (Medical Education)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	02	-	03
7	Horticulture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	-	01
8	Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	01
9	Information, Tourism, Kannada & Culture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	-	01	-	-	02
10	Labour	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	-	-	01	02
11	Personnel and Administrative Reforms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	01
12	Printing, Stationery and Publications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	01
13	Revenue	-	01	-	-	-	-	-	-	-	-	-	-	01	-	-	04	03	01	-	02	12
14	Social Welfare	-	01	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	03
15	Urban Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	01
16	Women and Child Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	01
Total		01	02	01	-	01	-	-	-	-	-	-	-	04	-	01	05	05	07	06	09	42

Appendix-1.3
(Reference: Paragraph 1.7.4,Page-8)

Paragraphs (excluding General and Statistical) yet to be discussed by PAC as on 30 November 2017

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	13-14	14-15	15-16	Total
1	Agriculture	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	-	-	4
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	-	-	1	4	2	1	39
4	e-governance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1
5	Finance	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	3
6	Health and Family Welfare	3	-	1	4	4	1	2	2	1	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	19
7	Home	-	2	2	-	2	-	-	2	-	2	-	-	-	-	-	-	-	-	2	-	2	3	1+1 [§]	-	19
8	Horticulture	-	-	-	-	1	1	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	4
9	Housing	-	-	-	2	-	-	-	-	-	-	-	-	1	1	1	-	-	-	1	-	2+1 [@]	2	1	1	13
10	Information, Tourism, Kannada and Culture	-	-	-	-	-	-	3	1	-	-	-	-	1	-	-	-	-	-	1	-	-	1	-	-	7
11	Labour	-	-	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1	-	-	1	1	-	1	1	8
12	Legislature Secretariat	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
13	Revenue	-	-	-	1	1	1	-	1	-	-	-	-	1	1	-	-	1	-	-	4	4	1	-	2	18
14	Social Welfare	-	-	-	2	-	3	3	1	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	12
15	Urban Development Department	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	4	6+1*	4	9+1 [^]	1	4	32
16	Women & Child Development	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	2
17	Youth Services and Sports	-	-	-	-	-	2	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
18	Agriculture, Forest, Home & Transport	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
19	H&FW, PWD, & RDPR	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
20	Forest, Ecology & Environment, Urban and H&FW	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	1
21	Department of Minority Welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1#	-	-	1
22	Department of Medical Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	1	2	-	5
23	Personnel and Administrative Reforms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1
24	Empowerment of Differently Abled and Senior Citizens	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
25	Printing, Stationery and Publications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
	Total	5	3	7	14	13	11	10	13	7	4	2	2	4	6	6	4	6	4	8	13	19	24	11	12	208

* Stand alone report on "Denotification and allotment of land by **BDA**" is partially discussed by PAC.

@ Standalone report on "Allotment of sites by **KHB**" is partially discussed by PAC.

§ Para 4.1/2014-15 "Follow-up audit on Internal Control System in the Department of **Prisons**" is partially discussed by PAC.

^ Para 2.2/13-14 : Water supply management by BWSSB on Cauvery Water supply scheme is partially discussed by PAC.

Para 4.2/13-14 Property Management by the Karnataka State Board of **Auqaf** is under discussion.

Appendix-2.1
(Reference: Paragraph–2.1.5, Page-14)
Details of units selected for audit

Name of the range	District Selected	Units selected in the district	No. of police stations
Central Range	Bengaluru	a) Commissioner of Police, Bengaluru b) Inspector General of Police, Central range c) Superintendent of Police, Bengaluru	12
	Tumakuru	a) Superintendent of Police , Bengaluru	4
Western Range	Udupi	a) Superintendent of Police, Udupi b) Superintendent of Police, Coastal Security Police, Malpe c) Superintendent of Police, Anti Naxal Force, Karkala	6
Southern Range	Mysuru	a) Inspector General of Police, Southern range b) Commissioner of Police, Mysuru c) Superintendent of Police, Mysuru d) Commandant, 5 th Battalion KSRP, Mysuru e) Regional Forensic Science Laboratory, Mysuru f) Karnataka Police Academy, Mysuru	8
Northern Range	Belagavi	a) Inspector General of Police, Northern range b) Commissioner of Police, Belagavi c) Superintendent of Police, Belagavi, d) Commandant, 2 nd Battalion KSRP, Belagavi e) Regional Forensic Science Laboratory, Belagavi f) Police Training School, Khanapura	6
North Eastern Range	Kalaburagi	a) Inspector General of Police, North Eastern Range b) Superintendent of Police, Kalaburagi c) Commandant, 6 th Battalion KSRP, Kalaburagi d) Regional Forensic Science Laboratory, Kalaburagi e) Police Training Centre, Kalaburagi	7
Ballari Range	Ballari	a) Superintendent of Police, Ballari	8
Eastern Range	Shivamogga	a) Superintendent of Police, Shivamogga	9

Appendix-2.2
(Reference: Paragraph–2.1.9.2, Page-28)
Units without Ammunition with reference to arms and vice versa

Sl. No.	Unit	Arms	Quantity	Ammunition	Quantity
1	SP, Yadgir	.410 Musket	25	.410 Ball Ammunition, Buck Shot, Blank Ammunition, Drill	Nil
2	ADGP, INT.	.38 Revolver Spl.	25	.38 ammunition	Nil
3	Director, KPA, Mysuru	.38 Revolver Spl.	Nil	.38 ammunition	50
4	SP, Tumakuru	.455" Revolver	5	Ammunition	Nil
5	Commdt 5th Btltn, KSRP, Bengaluru	Rifle .22"	Nil	.22" Ammunition	368
6	Director, KPA, Mysuru	Rifle .22"	46	.22" Ammunition	Nil
7	CoP , Mangaluru	Rifle 7.62mm SLR	100	7.62 Ball Ammunition	Nil
8	Principal KSRPTS, Kangrahalli, Belagavi	Rifle 7.62mm SLR	50	7.62 Ball Ammunition	Nil
9	Principal PTS, Mysuru	Rifle 7.62mm SLR	20	7.62 Ball Ammunition	Nil
10	Principal, Hubli-Dharwad	Rifle 7.62mm SLR	20	7.62 Ball Ammunition	Nil
11	Principal, PTS, Hassan	Rifle 7.62mm SLR	20	7.62 Ball Ammunition	Nil
12	CoP, Belagavi	5.56 Excalibur	20	5.56 Ball Ammunition	Nil
13	Principal KSRPTS, Kangrahalli, Belagavi	5.56 Excalibur	2	5.56 Ball Ammunition	Nil
14	Principal PTS, Mysuru	5.56 Excalibur	2	5.56 Ball Ammunition	Nil
15	Principal, PTS, Hubballi-Dharwad	5.56 Excalibur	2	5.56 Ball Ammunition	Nil
16	Principal, PTS, Hassan	5.56 Excalibur	2	5.56 Ball Ammunition	Nil
17	Principal, PTS, Aimangala	5.56 Excalibur	2	5.56 Ball Ammunition	Nil
18	PTC, Naganahalli	TMC .45"	10	.45" Ball Ammunition	Nil

Appendix-2.3

(Reference: Paragraph-2.1.10.1, Page-29)

Statement showing the details of availability of four wheeler vehicles and its utilisation as on 31 March 2017

Sl.No.	Name of the selected Unit	Number of four wheelers available	Number of four wheelers to be condemned as per GO	Per cent of vehicles to be condemned as per GO wrt availability of vehicle	On Road vehicles as at Col.04	OFF Road vehicles as at Col.04	Number of vehicles where expenditure incurred towards repairs & maintenance is in excess of original cost of vehicle	Per cent of vehicle where repairs expenditure is in excess of cost of vehicle
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	O/o the SP, Kalaburagi	154	71	46	61	10	8	11
2	O/o the SP, Mysuru	98	65	66	50	15	6	9
3	O/o the CoP, Mysuru	156	43	28	43	0	8	19
4	O/o the SP, Tumakuru	135	71	53	68	3	0	0
5	O/o the SP, Shivamogga	136	72	53	60	14	0	0
6	O/o the SP, Udupi	95	40	42	33	7	1	3
7	O/o the SP, Belagavi & O/o the CoP, Belagavi	116	59	51	59	0	5	8
8	O/o the SP, Bengaluru Rural	108	53	49	47	6	7	13
9	O/o the SP, Ballari	120	67	56	66	1	6	9
10	O/o the CoP, Bengaluru							
	a) DAR HQRS	443	34	8	34	0	6	18
	b) VVIP section	104	17	16	16	1	13	76
	Total	1665	592	36	537	57	60	10

Appendix-2.4
(Reference: Paragraph–2.1.10.2, Page-30)
Statement showing the functioning of GPS based AVLS systems in
the test-checked districts

Sl. No.	Name of the District/Commissionerate	No. of devices installed	No. of devices functioning	Percentage of devices functioning
1	Superintendent of Police, Belagavi	44	Nil	0
2	Superintendent of Police, Ballari	104	15	14
3	Superintendent of Police, Udupi	76	22	29
4	Superintendent of Police, Kalaburagi	83	Nil	Nil
5	Superintendent of Police, Tumakuru	88	12	14
6	Superintendent of Police, Mysuru	79	Nil	Nil
7	Superintendent of Police, Shivamogga	51	14	27
8	Superintendent of Police, Bengaluru (Rural)	62	4	6
9	Commissioner of Police, Belagavi	27	Nil	0
10	Commissioner of Police, Mysuru	116	Nil	0
	Total	730	67	

Appendix-2.5
(Reference: Paragraph–2.1.11.1, Page-31)
Details of wireless/walkie talkie sets in selected districts

District	Static/vehicle mobile				WalkieTalkie			
	Functioning	Non Functioning	Total	Percentage of functional devices	Functioning	Non Functioning	Total	Percentage of functional devices
Bengaluru (SP)	157	65	222	71	226	128	354	64
Bengaluru (CoP)	1,427	405	1,832	78	5,321	1,284	6,605	81
Belagavi (SP)	270	45	315	86	499	18	517	97
Ballari (SP)	255	113	368	69	528	345	873	60
Kalaburagi (SP)	390	29	419	93	686	51	737	93
Mysuru (SP)	171	88	259	66	357	174	531	67
Mysuru (CoP)	279	275	554	50	542	394	936	58
Shivamogga (SP)	261	126	387	67	565	33	598	94
Tumakuru (SP)	176	135	311	57	433	334	767	56
Udupi (SP)	273	48	321	85	519	149	668	78
Belagavi (KSRP)	48	40	88	55	78	39	117	67
Kalaburagi (KSRP)	53	7	60	88	29	30	59	49
Mysuru (KSRP)	35	88	123	28	8	102	110	7
Shivamogga (KSRP)	34	40	74	46	41	77	118	35
Total	3,829	1504	5,333		9,832	3,158	12,990	

Appendix-2.6
(Reference: Paragraph–2.1.13.5, Page-38)
Details of firing practice

	Year	Attended	Strength	Percentage attended
Bengaluru Rural	2015	522	710	74
	2016	990	1359	73
Mysuru District	2015 (I)	885	1402	63
	2015(II)	235	1402	17
	2016(I)	836	1374	61
	2016(II)	Not done		
Shivamogga District	2015 (I)	855	1371	62
	2015(II)	736	1250	59
	2016(I)	771	1455	53
	2016(II)	972	1500	65
Belagavi District	2015 (I)	856	2533	34
	2015(II)	420	1587	26
	2016(I)	433	1569	28
	2016(II)	640	1569	41
Ballari District	2016	1315	1998	66
	2015	1072	1870	57
CoP, Belagavi	2016(I)	442	875	51
	2016(II)	371	922	40
CAR, HQRs	2015	1526	1798	85
	2016	1301	1761	74
CAR, South	2015(I)	735	1165	63
	2015(II)	562	1165	48
	2016(I)	484	1102	44
	2016(II)	589	1102	53
CoP, Mysuru	2015	1871	2183	86
	2016(I)	1801	2353	77
	2016(II)	1811	2353	77
Udupi	2016	924	1135	81
	2015	860	1135	76
Tumakuru	2015(I)	1086	1609	67
	2015(II)	1149	1609	71
	2016(I)	901	1778	51
	2016(II)	1092	1778	61

Appendix-2.7

(Reference: Paragraph–2.1.14.3, Page-42)

Details of non-working equipment in ASC wings in selected districts

Sl. No.	District	HHMD			DFMD			DSMD		
		Issued	Not working	Percentage	Issued	Not working	Percentage	Issued	Not working	Percentage
1	Bengaluru	22	5	23	14	7	50	6	1	17
2	Tumakuru	20	8	40	11	5	45	8	0	0
3	Shivamogga	20	7	35	8	5	63	8	3	38
4	Ballari	20	6	30	11	4	36	7	1	14
5	Mysuru	22	7	32	14	8	57	5	0	0
6	Kalaburagi	22	8	36	15	4	27	5	1	20
7	Udupi	20	6	30	8	1	13	7	0	0
8	Belagavi	22	5	23	11	2	18	5	1	20
9	CoP, Mysuru	23	10	43	13	1	8	5	1	20

Appendix-2.8
(Reference: Paragraph–2.1.14.4, Page-42)
Specialised training imparted for ANF personnel

Sl. No.	Name of the camp	No. of personnel		Percentage
		Working	Trained in specialised courses	
1	Karkala	84	36	43
2	Hebri	27	06	22
3	Shankaranarayana	30	03	10
4	Jaddinagadde	31	09	29
5	Kerekatte	33	09	27
6	Kigga	26	08	31
7	Devalekoppa	19	03	16
8	Jayapura	28	09	32
9	Agumbe	26	04	15
10	Mastikatte	26	03	12
11	Pavagada	18	03	17
12	Thirumani	15	00	00
13	Arji	29	03	10
14	Beechanahalli	17	04	24

Appendix-3.1
(Reference: Paragraph–3.1.6.3, Page-52)
Illustrative cases of repeated breaks in billing for sample RR numbers

Sl.No.	RR-number	Year	Gaps
1	C-124872	2016	1
2	C-301157	2014	12
3	E-157536	2014	6
4	E-164442	2016	4
5	E-324894	2014	7
6	E-339061	2016	1
7	E-356746	2014	3
8	E-361422	2014	1
9	E-406845	2014	1
10	E-415030	2015	1
11	E-523256	2014	9
12	N-106984	2015	1
13	N-118923	2014	7
14	N-300220	2014	8
15	N-310359	2015	1
16	N-310523	2014	2
17	N-345566	2016	1
18	N-568120	2016	1
19	S-202974	2015	1
20	S-482280	2016	2
21	S-489401	2016	1
22	SE208882	2015	12
23	W-327341	2016	1
24	W-331560	2016	8
25	W-429231	2015	4
26	W-536505	2016	12
27	W-607962	2014	12

Appendix- 3.2
(Reference: Paragraph-3.1.6.4, Page-53)

Illustrative list of cases where meter charges were not levied though the meters were in working condition and readings were taken

Sl. No.	RR Number	Consumer Name	Bill Date	Bill Amount	Bill Number	Month Year	MRDate	Connection Type	Consumption	Previous Reading	Present Reading	Meter Charge levied	Minimum meter charge
1	N-112008	SHIVANANDA MURTHY	14-12-2014	-106	N-112008120	1214	09-12-2014	Domestic	0		12,68,000	0	30
2	E-309852	K.SREEKUMARANNAIR	08-07-2015	3,924	E-309852070	715	03-07-2015	Null	18,000	2,34,000	2,52,000	0	30
3	E-339622	S SOMANATH RAO	11-02-2015	1,868	E-339622020	215	10-02-2015	Domestic	0		1,000	0	30
4	S-115723	RAMASWAMY NAICKER . G	15-04-2016	695	S-115723040	416	13-04-2016	Partial ND	9,000	3,79,000	3,88,000	0	30
5	S-114867	MUNIRATHNAMMA W/O MUNIAPPA	23-02-2016	208	S-114867022	216	13-02-2016	Domestic	18,000	7,73,000	7,91,000	0	30
6	E-318455	MANJUNATH BT	19-11-2016	6,000	E-318455110	1116	17-11-2016	Null	8,000	2,000	10,000	0	30
7	E-333043	V REVATHI	18-10-2016	3,388	E-333043100	1016	16-10-2016	Null	1,000		7,000	0	30
8	W-334588	SAVITRAMMA T K	19-01-2015	4,963	W-334588010	115	11-01-2015	Domestic	0		1,000	0	30
9	E-331317	SAJIDA BEGUM	25-07-2015	6,660	E-331317070	715	06-07-2015	Null	17,000		4,95,000	0	30
10	E-153997	JOHN B JAMES ANTHONY MARY	21-12-2014	580	E-153997120	1214	16-12-2014	Domestic HR	0		98,000	0	30
11	W-608786	ASHWINI PRECISION PRODUCTS(P)	03-03-2014	1,460	W-608786030	314	03-03-2014	Industries	4,000	9,78,000	9,82,000	0	20
12	W-616736	NIRMALA DEEVI	05-12-2014	2,677	W-616736120	1214	03-12-2014	Domestic	0		35,90,000	0	30
13	E-330235	UMA DEVI	19-01-2015	2,512	E-330235010	115	13-01-2015	Domestic	0		3,000	0	30
14	E-356721	MUNIVENKATAPPA	17-12-2016	21,633	E-356721120	1216	14-12-2016	Null	1,000	71,000	72,000	0	30
15	S-203628	K SUBRAMANI	10-10-2014	72	S-203628100	1014	10-10-2014	Domestic	9,000	1,56,000	1,65,000	0	20
16	E-336941	L S GANESAN	24-10-2016	1,715	E-336941100	1016	24-10-2016	Null	1,000	1,000	2,000	0	30
17	S-179052	KUPPANNA IYENGAR .M.S	10-04-2016	1,679	S-179052040	416	09-04-2016	Domestic	60,000	35,33,000	35,93,000	0	30

Appendix – 3.3
(Reference: Paragraph–3.1.6.4, Page-53)
Illustrative sample cases out of 1040924 bills where meter charges are levied in ‘Meter Stop’ and ‘Suspected Meter Stop’ cases

RR Number	Bill number	Month year	Bill date	Present reading	Consumption	Service id	Amount
S-462566	S-462566010	116	19-Jan-2016	SMS	11,000	3	50
E-316011	E-316011030	312	06-Mar-2012	MS	21,000	3	20
W-588967	W-588967090	915	09-Sep-2015	SMS	8,000	3	30
N-101886	N-101886090	915	07-Sep-2015	SMS	15,000	3	50
E-119308	E-119308030	314	09-Mar-2014	SMS	35,000	3	20
S-411030	S-411030090	913	07-Sep-2013	MS	0	3	20
SE204531	SE204531090	915	11-Sep-2015	SMS	26,000	3	75
SE114011	SE114011060	615	23-Jun-2015	SMS	9,000	3	50
SE114082	SE114082100	1014	17-Oct-2014	MS	1,000	3	40
S-183680	S-183680030	315	20-Mar-2015	SMS	15,000	3	50
C-230982	C-230982050	513	17-May-2013	SMS	22,000	3	20
N-111180	N-111180020	214	14-Feb-2014	SMS	1,000	3	20
N-320307	N-320307100	1014	16-Oct-2014	MS	31,000	3	20
S-327569	S-327569020	215	12-Feb-2015	MS	0	3	30
W-429389	W-429389100	1015	05-Oct-2015	SMS	1,000	3	90
S-471490	S-471490010	113	18-Jan-2013	MS	2,000	3	20
N-301499	N-301499110	1114	18-Nov-2014	SMS	20,000	3	20
E-302754	E-302754060	615	02-Jun-2015	SMS	40,000	3	75
E-349910	E-349910060	613	12-Jun-2013	SMS	7,000	3	20
E-130332	E-130332120	1214	12-Dec-2014	MS	2,000	3	30
C-388409	C-388409110	1114	18-Nov-2014	SMS	33,000	3	40
N-106545	N-106545030	314	05-Mar-2014	SMS	0	3	20
S-384645	S-384645090	914	16-Sep-2014	SMS	4,000	3	20
E-306391	E-306391030	315	09-Mar-2015	SMS	12,000	3	90
SE135525	SE135525110	1113	13-Nov-2013	MS	21,000	3	20
S-491129	S-491129030	314	17-Mar-2014	SMS	7,000	3	20
S-422515	S-422515050	512	07-May-2012	MS	1,000	3	20
N-116076	N-116076020	213	23-Feb-2013	SMS	8,000	3	20
S-311194	S-311194020	214	06-Feb-2014	MS	13,000	3	20
W-412735	W-412735020	212	07-Feb-2012	SMS	5,000	3	20
SE373959	SE373959022	213	14-Feb-2013	SMS	22,000	3	20
S-213586	S-213586010	116	21-Jan-2016	SMS	1,000	3	30
S-242841	S-242841040	413	15-Apr-2013	SMS	3,000	3	20
E-315816	E-315816060	612	05-Jun-2012	MS	31,000	3	20
C-353078	C-353078010	114	01-Jan-2014	SMS	1,000	3	20
N-117286	N-117286110	1114	27-Nov-2014	SMS	8,000	3	20
E-232602	E-232602090	915	11-Sep-2015	SMS	11,000	3	50

Appendix-3.4

(Reference: Paragraph–3.1.8.4, Page-59)

List of significant instances during 2011-17 where proper readings not recorded

Sl. No.	RR Number	2011	2012	2013	2014	2015	2016	2017	Total Number of times
1	W-502610	1	12	12	12	12	12	3	64
2	W-512164	1	12	12	12	12	12	3	64
3	E-339903	4	12	12	12	12	12	2	66
4	W-500720	1	12	12	12	12	12	3	64
5	E-332870	12	12	12	12	12	9	0	69
6	C-108878	12	12	12	12	12	12	2	74
7	E-330623	12	12	12	12	12	11	0	71
8	E-411172	12	12	12	12	12	6	0	66
9	E-411119	12	12	12	12	12	6	0	66
10	N-338993	1	12	12	12	12	12	3	64
11	C-317978	5	12	12	12	12	12	0	65
12	W-512222	1	12	12	12	12	12	3	64
13	W-519464	8	12	12	12	12	12	3	71
14	S-557970	1	12	12	12	12	12	3	64
15	SE150094	1	12	12	12	12	12	3	64
16	E-339228	1	12	12	12	12	12	3	64
17	W-519472	8	12	12	12	12	12	3	71
18	E-411177	12	12	12	12	12	6	0	66
19	E-411153	12	12	12	12	12	6	0	66
20	C-304662	12	12	12	12	12	12	0	72
21	W-501763	1	12	12	12	12	12	3	64
22	N-540411	1	12	12	12	12	12	3	64
23	C-342761	12	12	12	12	12	12	3	75
24	E-411176	12	12	12	12	12	6	0	66
25	E-349387	12	12	12	12	12	11	0	71
26	E-343836	12	12	12	12	12	12	3	75
27	E-319460	12	12	12	12	12	11	0	71
28	W-501462	1	12	12	12	12	12	3	64
29	C-107184	12	12	12	12	12	12	2	74
30	E-349888	1	12	12	12	12	12	3	64
31	E-323315	12	12	12	12	12	12	2	74
32	W-519387	8	12	12	12	12	12	2	70
33	C-154588	6	12	12	12	12	12	2	68
34	C-351287	12	12	12	12	12	3	3	66
35	E-329407	12	12	12	12	5	12	2	67
36	C-109960	12	12	12	12	12	12	2	74
37	E-346478	4	12	12	12	12	12	2	66
38	W-502569	1	12	12	12	12	12	3	64
39	W-512354	1	12	12	12	12	12	3	64
40	S-337712	3	12	12	12	12	12	3	66
41	C-108829	12	12	12	12	12	12	2	74
42	W-501967	1	12	12	12	12	12	3	64
43	N-438313	11	12	12	12	12	6	1	66
44	W-501799	1	12	12	12	12	12	3	64
45	N-444843	11	12	12	12	12	12	2	73
46	C-300693	12	12	12	12	12	12	2	74
47	E-316018	12	12	12	12	12	11	2	73
48	C-300672	12	12	12	12	12	12	2	74
49	E-336680	12	12	12	12	12	11	0	71

Appendix-3.4 (Continued)

Sl. No.	RR Number	2011	2012	2013	2014	2015	2016	2017	Total Number of times
50	E-349694	12	12	12	12	12	11	0	71
51	SE150796	1	12	12	12	12	12	3	64
52	W-502450	1	12	12	12	12	12	3	64
53	E-339642	12	12	12	12	12	11	0	71
54	E-338271	12	12	12	12	12	11	0	71
55	SE150801	1	12	12	12	12	12	3	64
56	W-513496	1	12	12	12	12	12	3	64
57	E-315301	12	12	12	12	12	11	0	71
58	N-332691	1	12	12	12	12	12	3	64
59	C-300669	12	12	11	12	12	12	2	73
60	N-444915	11	12	12	12	12	12	2	73
61	E-307655	12	12	8	7	12	12	2	65
62	W-501269	1	12	12	12	12	12	3	64
63	E-339769	12	12	12	12	12	11	0	71
64	E-405522	12	12	12	12	12	6	0	66
65	W-519391	10	12	12	12	12	12	2	72
66	E-340969	1	12	12	12	12	12	3	64
67	E-324955	12	12	12	12	12	9	0	69
68	E-349778	1	12	12	12	12	12	3	64
69	W-502102	1	12	12	12	12	12	3	64
70	E-411472	12	12	12	12	12	6	0	66
71	E-307663	3	12	12	12	12	12	2	65
72	N-329146	12	12	12	12	12	11	0	71
73	E-411198	12	12	12	12	12	7	0	67
74	E-411203	12	12	12	12	12	6	0	66
75	E-403461	12	12	12	12	12	6	0	66
76	W-502499	1	12	12	12	12	12	3	64
77	E-342846	1	12	12	12	12	12	3	64
78	E-315556	11	11	12	12	12	11	0	69
79	E-349325	1	12	12	12	12	12	3	64
80	C-154322	3	12	12	12	12	12	2	65
81	E-349844	12	12	12	12	12	11	0	71
82	C-300653	12	12	12	12	12	12	2	74
83	W-511376	1	12	12	12	12	12	3	64
84	C-300673	9	12	12	12	12	12	2	71
85	E-350355	12	12	12	12	12	8	0	68
86	W-531913	10	12	12	12	12	12	3	73
87	E-345521	12	12	12	12	12	11	0	71
88	E-351506	12	12	12	12	12	11	0	71
89	E-343835	12	12	12	12	12	12	3	75
90	W-513466	1	12	12	12	12	12	3	64
91	E-343651	1	12	12	12	12	12	3	64
92	W-502089	1	12	12	12	12	12	3	64
93	W-512370	1	12	12	12	12	12	3	64
94	W-518019	1	12	12	12	12	12	3	64
95	E-324653	12	12	12	12	12	12	2	74
96	E-350964	12	12	12	12	12	11	0	71
97	C-346107	12	12	12	12	12	12	2	74
98	S-338666	3	12	12	12	12	11	3	65
99	E-403333	12	12	12	12	12	7	0	67
100	E-337284	12	12	12	12	12	12	1	73

Appendix 3.5
(Reference: Paragraph–3.1.9.1, Page-61)

Bills of future years

Sl.No.	Year	Number of bills
1	2018	464
2	2020	81
3	2022	7,230
4	2024	114
5	2025	39
6	2026	211
7	2027	37
8	2028	293
9	2029	109
10	2030	686
11	2032	139
12	2033	387
13	2037	2
14	2073	49
15	2077	72
16	2078	99
17	2080	299
18	2081	22
19	2082	155
20	2084	1,523
21	2085	64
22	2086	510
23	2088	65
24	2092	439
25	2093	488
26	2096	33
27	2097	199

Appendix -3.6

(Reference: Paragraph-3.1.9.2, Page-61)

Illustrative examples for difference between previous meter reading and present meter reading of previous bill

Case-1:

The case pertains to RR Number E-210091 of a consumer of SE-subdivision. The details of bill readings of the consumer for the period 4 July 2016 to 6 October 2016 is detailed in Table below:

RR number	Bill Number	Bill Date	Meter reading		Total consumption of water
			Previous	Present	
E-210091	E-210091070	4 July 2016	3710000	3750000	40000
E-210091	E-210091080	4 August 2016	3750000	3807000	57000
E-210091	E-210091090	3 September 2016	3807000	3850000	43000
E-210091	E-210091100	6 October 2016	4511000	4520000	9000

From the table it is evident that there was a mismatch between the present reading of September 2016 and previous reading of October 2016. Hence, this indicated short consumption of 661 kilolitres of water and, thus, loss of revenue.

Appendix-3.7 (Reference: Paragraph-3.1.10.3, Page-65) Contradictory Information within a record

The screenshots show the 'LEDGER DETAILS' page in the 'Revenue Billing & Collection SAJALA' system. The page is divided into several sections:

- Navigation:** MeterConnections, Un Metered Connection, Consumer Ledger, SD Reports, HO Reports, AOR Payments, AOR Collections Report.
- Current Ledger:** Includes a dropdown for 'MeteredType' (Metered/Unmetered) and a text input for 'RRNumber'. A 'GetLedger' button is present.
- General Details:** A table containing consumer information.

Consumer 1 (Top Screenshot):

Consumer ID	13399	RRNumber	W-109486
Consumer Name	SYED MANSOOR AND MAJEEDA BEGAM	Address	119, 6th CROSS,,BAPUJI LAYOUT Bangalore
Sanction Date	01/01/2000	Reading Day	9
Connection Type	Domestic	Category	NON DOMESTIC
Bore Well	No	Sub Category	NON DOMESTIC
Bore Size	0.5	Site Area	0
RWH	Recharge	Flat	0
Ledger Folio	HC43-184	Prorata Amt	20950
Ward	Marenahalli (125)	Prorata Date	12/17/2009 12:00:00 AM
Metermake	ITRON	Meter No.	2015A2069453

Consumer 2 (Bottom Screenshot):

Consumer ID	26182	RRNumber	E-210660
Consumer Name	PARMESHWARI	Address	No.34/384,16 Street,Jougupalya,,HALASURU, Bangalore
Sanction Date	08/03/2004	Reading Day	3
Connection Type	Domestic	Category	NON DOMESTIC
Bore Well	No	Sub Category	NON DOMESTIC
Bore Size	0.5	Site Area	0
RWH	NoRWH	Flat	0
Ledger Folio	41 - 43	Prorata Amt	
Ward	Jougupalya (89)	Prorata Date	
Metermake	ACTARIS - NEW	Meter No.	106601108

Appendix-3.8
(Reference: Paragraph–3.1.10.4, Page-66)
Number of connections with various meter status and its meanings

Sl.No.	Meter Status	Count	Description as per Look-up table
1	DNV	0	Dial not visible
2	GL	0	Gate Locked
3	NCNR	0	New Connection no reading
4	DL	1	Door Locked
5	TC	1	Things Collected
6	ND	3	No Draw
7	MNR	8	Meter Next Rotation
8	<i>Null</i>	<i>46</i>	<i>No description</i>
9	MC	224	Meter Change
10	NSF	411	Water Stopped with No Sanitary Fees
11	MD	653	Meter Damage
12	MMC	828	Meter Missing Connection
13	M	1,472	Moisture
14	MS	1,919	Meter Stopped
15	<i>NC</i>	<i>3,773</i>	<i>No description</i>
16	SMS	15,688	Suspected Meter Stop
17	WS	34,403	Water Stopped
18	<i>N or n</i>	<i>8,20,407</i>	<i>No description</i>

Appendix-4.1
(Reference: Paragraph-4.1.1, Page-72)
Details of colleges selected for test-check

Sl. No.	District	College Name	Region
Aided Degree Colleges			
1	Bengaluru Urban	A.P.S. College, Bengaluru	Bengaluru
2	Bengaluru Urban	A.P.S. Commerce College, Bengaluru	Bengaluru
3	Bengaluru Urban	Hasnath Boy's College, Bengaluru	Bengaluru
4	Bengaluru Urban	Jyothi Nivas College, Bengaluru	Bengaluru
5	Bengaluru Urban	M.E.S. College, Bengaluru	Bengaluru
6	Bengaluru Urban	M.L.A College, Bengaluru	Bengaluru
7	Bengaluru Urban	National College, Basavanagudi, Bengaluru	Bengaluru
8	Bengaluru Urban	P.E.S. College, Bengaluru	Bengaluru
9	Bengaluru Urban	S J R College, Bengaluru	Bengaluru
10	Bengaluru Urban	S.S.M.R.V College, Bengaluru	Bengaluru
11	Bengaluru Urban	V.V.Puram Evening College, Bengaluru	Bengaluru
12	Bengaluru Urban	V.V.Puram Science College, Bengaluru	Bengaluru
13	Kolar	Acharya Women's First Grade college, Gowribidanur	Bengaluru
14	Tumakuru	Pallagatti Adavappa College, Tiptur	Bengaluru
15	Tumakuru	Sri. Uma Pragathi First Grade College, Kyathasandra, Tumakuru	Bengaluru
16	Bagalkote	S.M. Bhandari Arts, R.R. Bhandari Commerce & S.K. Rathi Science College, Guledagudda	Dharwad
17	Bagalkote	Sri. S.R.Kanti College, Commerce and Science College, Mudhol	Dharwad
18	Bagalkote	Sri. Vijaya Mahanthesha Art, Science and Commerce College Ilakal, Bagalkote	Dharwad
19	Belagavi	Anjuman College, Belagavi	Dharwad
20	Belagavi	C.S.Bembalagi Arts, S.M.R. Palaresha Science and G.L. Rati Commerce College, Ramadurga	Dharwad
21	Belagavi	M.E.S. College, Mudalgi	Dharwad
22	Belagavi	Marata mandali Arts and Commerce College, Khanapur, Belagavi	Dharwad
23	Belagavi	S.S. T P College, Sankeshwara	Dharwad
24	Belagavi	S.S.N. College, Hukkeri	Dharwad
25	Belagavi	Sri. B. Shankarananda Art College, Ghataprabha	Dharwad
26	Belagavi	Vishwabharath First Grade College, Thuratur	Dharwad
27	Vijayapura	Basaveshwara Arts and Commerce College Basavana Bagewadi, Vijayapura	Dharwad
28	Vijayapura	G.P.Porwal Arts, Commerce and V.V.Salimath Science College, Sindagi	Dharwad

Appendix-4.1 (Continued)

Sl. No.	District	College Name	Region
29	Vijayapura	M.G.V.C. Art, Commerce and Science College, Muddebihal	Dharwad
30	Vijayapura	B.L.D.E. Women's College, Vijayapura	Dharwad
31	Dharwad	Kittel Art College, Dharwad	Dharwad
32	Gadag	A.S.S. College, Gadag	Dharwad
33	Gadag	J.T. College, Gadag	Dharwad
34	Gadag	K.L.E. College, Gadag	Dharwad
35	Gadag	K.R. Bellada Arts and Commerce College, Mundargi, Gadag	Dharwad
36	Haveri	B.E.S.M. College, Byadgi	Dharwad
37	Haveri	K.L.E. Society's Guddeppa Hallikerei College, Haveri	Dharwad
38	Haveri	R.T.E Society's Arts, Science and Commerce College, Ranibennur	Dharwad
39	Hubballi	JSS Sakri Law College, Hubballi	Dharwad
40	Hubballi	K.L.E. Society's Jagadguru Gangadar Commerce College, Hubballi	Dharwad
41	Hubballi	Kadasiddeshwara College, Hubballi	Dharwad
42	Uttara Kannada	Dr. A.V. Baliga Art Science College, Kumta	Dharwad
43	Ballari	Veerashaiva College, Ballari	Kalaburagi
44	Ballari	Vijayanagar College, Hospet.	Kalaburagi
45	Bidar	Chandrashekar First Grade College, Mannekhelli	Kalaburagi
46	Bidar	Dr B R Ambedkar College, Bidar	Kalaburagi
47	Bidar	Karnataka College, Bidar.	Kalaburagi
48	Bidar	Kaviratna Kalidas College, Bidar	Kalaburagi
49	Bidar	Methodist College, Bidar	Kalaburagi
50	Bidar	S.S. Degree College, Kamalnagar	Kalaburagi
51	Kalaburagi	SB Science College, Kalaburagi	Kalaburagi
52	Kalaburagi	Smt.C.B.Patil College, Chincholli.	Kalaburagi
53	Koppal	HRSM College, Gangavathi.	Kalaburagi
54	Koppal	Sri.Gavisiddeshwar College, Koppal	Kalaburagi
55	Dakshina Kannada	Mahaveera College, Moodabidri	Mangaluru
56	Dakshina Kannada	Pompei College, Aikala	Mangaluru
57	Dakshina Kannada	School of Social Work, Mangaluru	Mangaluru
58	Dakshina Kannada	St. Philomena College, Puttur	Mangaluru
59	Kodagu	Cauvery College, Gonikoppal	Mangaluru
60	Udupi	Shri Sharadha College, Basrur	Mangaluru
61	Hassan	Hoysaleswara College, Arasikere	Mysuru

Appendix-4.1 (Continued)

Sl. No.	District	College Name	Region
62	Hassan	N.D.R.K.First Grade College, Hassan	Mysuru
63	Mandya	Bharathi College, Bharathi Nagara	Mysuru
64	Mandya	Shanthi College, Malavalli	Mysuru
65	Mandya	Sri.Adichunchanagiri College, Nagamangala	Mysuru
66	Mysuru	Basudeva Somani College, Viswamanava Double Road, Kuvempu Nagar, Mysuru	Mysuru
67	Mysuru	Mahajana College, Jayalaxmipuram, Mysuru	Mysuru
68	Mysuru	Mallamma Marimallappa Women's First Grade College, Ramavilas Road, Mysuru	Mysuru
69	Mysuru	Sharada Vilas College, Mysuru	Mysuru
70	Mysuru	Vidyavardhaka First Grade College, Sheshadri Iyer Road, Mysuru	Mysuru
71	Chickmagalur	J.C.B.M. College, Shringeri	Shivamogga
72	Chitradurga	Kote boramma First Grade College, Challakere	Shivamogga
73	Chitradurga	S.J.M. College, Chitradurga	Shivamogga
74	Chitradurga	S.J.M. Women's College, Chitradurga	Shivamogga
75	Chitradurga	Venkateshwara First Grade College, Chitradurga	Shivamogga
76	Chitradurga	Yashodamma Borappa women's college, Chitradurga	Shivamogga
77	Davangere	A.R.M. College, Davangere	Shivamogga
78	Shivamogga	D.V.S. Main College, Shivamogga	Shivamogga
79	Shivamogga	Sharavathi College, Konandur	Shivamogga
Aided B.Ed Colleges			
1	Bengaluru Urban	New Horizon B.Ed College, Bengaluru	Bengaluru
2	Bengaluru Urban	R.V. B.Ed College, Bengaluru	Bengaluru
3	Bengaluru Urban	Sri. Sanjay Gandhi B.Ed College, Hebbal, Bengaluru	Bengaluru
4	Kolar	Gold Field B.Ed College, Bangarpet	Bengaluru
5	Vijayapura	B.L.D. E. Society's J.S.S. College, P.G. Study Division and Research Centre, Vijayapura	Dharwad
6	Hubli	K.L. E Society's B. Ed College, Vidyanagara, Hubballi	Dharwad
7	Hubli	Vijayanagar B. Ed College, Vidyanagara, Hubballi	Dharwad
8	Raichur	SRK B. Ed College, Raichur	Kalaburagi
9	Dakshina Kannada	St. Ann's B.Ed College, Mangaluru	Mangaluru
10	Kodagu	Sarvodaya B.Ed College, Virajpete	Mangaluru

Appendix-4.1 (Continued)

Sl. No.	District	College Name	Region
11	Hassan	Vivekananda B.Ed.College, Arasikere	Mysuru
12	Davangere	Bapuji B.Ed College, Davangere	Shivamogga
13	Davangere	T.M.A.E.S. B.Ed College, Harapanahalli	Shivamogga
Aided Law Colleges			
1	Bengaluru Urban	V.V. Puram Law College, Bengaluru	Bengaluru
2	Belagavi	R.L. Law College, Belagavi	Dharwad
3	Dharwad	Hurakadli Ajja Law College, Dharwad	Dharwad
4	Bidar	R V Bidap College, Bidar	Kalaburagi
5	Udupi	Vaikunta Baliga Law College, Udupi	Mangaluru
Government Degree Colleges			
1	Bengaluru Rural	Govt. First Grade College, Doddaballapura	Bengaluru
2	Bengaluru Urban	Govt. First Grade College, Jayanagar, Bengaluru	Bengaluru
3	Bengaluru Urban	Maharanis Arts, Commerce and Management College for Women, Bengaluru	Bengaluru
4	Kolar	Govt. College, Mulbagal	Bengaluru
5	Ramanagara	Govt. First Grade College, Bidadi, Ramanagara	Bengaluru
6	Ramanagara	Govt. First Grade College, Kanakapura	Bengaluru
7	Tumakuru	B.M.S Govt. First Grade College, Huliya	Bengaluru
8	Tumakuru	Govt first grade college, CS Pura, Gubbi	Bengaluru
9	Tumakuru	Govt. First Grade College, Nonavinakere, Tiptur	Bengaluru
10	Bagalkote	Govt. First Grade College, Savalagi, Jamakhandi	Dharwad
11	Belagavi	Govt. First Grade College, Gokak	Dharwad
12	Belagavi	Govt. First Grade College, Raibag	Dharwad
13	Gadag	Sree Jagadguru Fakireshwara Govt. First Grade College, Shirahatti	Dharwad
14	Haveri	Govt. First Grade College, Akkialur, Hanagal	Dharwad
15	Haveri	Govt. First Grade College, Byadagi	Dharwad
16	Haveri	Govt. First Grade College, Hirekerur	Dharwad
17	Uttara Kannada	Govt. First Grade College, Kumta	Dharwad
18	Uttara Kannada	Govt. First Grade College, Mundgod	Dharwad
19	Ballari	Govt. First Grade College, Moka, Ballari	Kalaburagi

Appendix-4.1 (Continued)

Sl. No.	District	College Name	Region
20	Bidar	Govt. First Grade College, Bidar	Kalaburagi
21	Bidar	Govt. First Grade College, Kodambal Road, Chitaguppa, Humnabad	Kalaburagi
22	Kalaburagi	Govt. First Grade College, Kalagi, Chittapura	Kalaburagi
23	Koppal	Govt. First Grade College, Tavarageri, Kushtagi	Kalaburagi
24	Raichur	Govt. First Grade College, Lingasagur	Kalaburagi
25	Raichur	Sri. Shankarappa Murigappa Khenda Govt. First Grade College, Devdurga	Kalaburagi
26	Dakshina Kannada	Dr. K Shivram Karanth Govt. First Grade College, Bellare, Sulya	Mangaluru
27	Madikeri	Govt. First Grade College for Women, Madikeri	Mangaluru
28	Madikeri	Govt. First Grade College, Kushalanagar, Somwarpet	Mangaluru
29	Madikeri	Govt. First Grade College, Napoklu, Madikeri	Mangaluru
30	Udupi	Dr.G.Shankar Govt. Women First Grade College & PG Centre, Ajjarakadu, Udupi	Mangaluru
31	Udupi	Govt. First Grade College, Hiriyadka, Udupi	Mangaluru
32	Chamarajanagar	Sri.Mahadeveshwara College, Kollegal	Mysuru
33	Hassan	Govt. First Grade College, Sakaleshpura	Mysuru
34	Hassan	Govt. Science College, Hassan	Mysuru
35	Hassan	Y.D.D Govt. First Grade College, Belur	Mysuru
36	Mandya	Govt. First Grade College, Melukote, Pandavapura	Mysuru
37	Davanagere	Govt. First Grade College, Basavapatna, Channagiri	Shivamogga
38	Davanagere	Govt. First Grade College, Sante Bennur, Channagiri	Shivamogga
39	Shivamogga	Govt. First Grade College,Hosanagara	Shivamogga
Aided Polytechnics			
1	Bengaluru Urban	PVP Polytechnic,Jnanabharathi Bangalore	Bengaluru
2	Bengaluru Urban	Sri.Venkateswara Polytechnic, Bengaluru	Bengaluru
3	Bagalkote	BVVS Polytechnic, Bagalkote	Dharwad
4	Bagalkote	CV Charantimath Rural Polytechnic, Hungund	Dharwad
5	Belagavi	Maratha Mandal Polytechnic, Belgaum	Dharwad
6	Hubballi	The Government Employees Polytechnic,Tarihal, Hubballi	Dharwad
7	Bidar	J N Polytechnic, Thanakushnoor, Bidar	Kalaburagi
8	Kalaburagi	KCT, Kalaburagi	Kalaburagi

Appendix-4.1 (Continued)

Sl. No.	District	College Name	Region
9	Dakshina Kannada	KVG Polytechnic, Sullia	Mangaluru
10	Mysuru	JSS Polytechnic For Women, Mysuru	Mysuru
11	Shivamogga	DVS Polytechnic, Shivamogga	Shivamogga
Aided Engineering Colleges			
1	Bengaluru Urban	BMS College of Engineering, Bengaluru	Bengaluru
2	Bagalkote	Basaveshwara College of Engineering, Bagalkot	Dharwad
3	Kalaburagi	PDA College of Engineering, Kalaburagi	Kalaburagi
4	Hassan	Malnad College of Engineering, Hassan	Mysuru
Government Polytechnics			
1	Bengaluru Urban	Government Institute of Textile Technology, Bengaluru	Bengaluru
2	Bengaluru Urban	Government Women's Polytechnic, Bangalore	Bengaluru
3	Ramanagara	Government Polytechnic, Ramanagara	Bengaluru
4	Kalaburagi	Government Polytechnic, Kalaburagi	Kalaburagi
5	Dakshina Kannada	Karnataka Government Polytechnic, Mangaluru	Mangaluru
6	Hassan	Government Polytechnic, Belur	Mysuru
Government Engineering Colleges			
1	Bengaluru Urban	SKSJTI, BANGALORE	Bengaluru
2	Hassan	Government Engineering College, Hassan	Mysuru

Appendix-4.2
(Reference: Paragraph-4.1.1, Page-72)
Details of Medical colleges/Super Speciality Teaching hospitals selected
for test-check

Sl.No.	Name
1.	Bangalore Medical College and Research Institute, Bengaluru
2.	Mysore Medical College and Research Institute, Mysuru
3.	Belagavi Institute of Medical Sciences, Belagavi
4.	Bidar Institute of Medical Sciences, Bidar
5.	Koppal Institute of Medical Sciences, Koppal
6.	Chamarajanagar Institute of Medical Sciences, Chamarajanagar
7.	Kidwai Memorial Institute of Oncology, Bengaluru
8.	Sri Jayadeva Institute of Cardio-vascular Sciences and Research Centre, Bengaluru
9.	Karnataka Institute Medical Sciences, Hubballi

Appendix-4.3
(Reference: Paragraph-4.1.4.2, Page-79)
Extension of undue benefit to teaching staff

(a) BMS Engineering College, Bengaluru

Sl. No.	Name	Date of appointment	Senior Scale		Selection Grade		Remarks
			Due date for promotion	Actual date of promotion	Due date of promotion	Actual date for promotion	
1	S. Muralidhara	22.08.1988	22.08.1996	22.08.1994	22.08.2001	22.08.1998	Selection Grade promotion was given 3 years in advance
2	S. Raghunath	20.08.1988	20.08.1996	20.08.1994	20.08.2001	20.08.1998	Selection Grade promotion was given 3 years in advance
3	S. Girish	28.05.1987	28.05.1995	28.05.1993	28.05.2000	28.05.1997	Selection Grade promotion was given 3 years in advance
4	R.L. Srinivas	22.08.1988	22.08.1996	22.08.1994	22.08.2001	22.08.1998	Selection Grade promotion was given 3 years in advance
5	K. Guruprasad	22.08.1988	22.08.1996	01.01.1996	22.08.2001	01.01.2001	Selection Grade promotion was given 8 months in advance
6	Rangavital	22.08.1988	22.08.1996	22.08.1994	22.08.2001	22.08.1998	Selection Grade promotion was given 3 years in advance
7	P. Meena	20.08.1988	20.08.1996	20.08.1996	20.08.2001	20.08.2000	Selection Grade promotion was given 1 year in advance
8	Shantharam	04.08.1986	04.08.1994	04.08.1992	04.08.1999	04.08.1996	Selection Grade promotion was given 3 years in advance
9	Dharmaprakash	20.08.1988	22.12.1996	22.12.1996	22.12.2001	22.12.2000	Selection Grade promotion was given 1 year in advance
10.	V.Champa	08.11.1989	08.11.1997	01.08.1996	08.11.2002	01.08.2000	Selection Grade promotion was given 2 years in advance

(b) Malnad Engineering College, Hassan

Sl. No.	Name	Date of appointment	Senior Scale		Selection Grade		Remarks
			Due date for promotion	Actual date of promotion	Due date of promotion	Actual date for promotion	
1	S Prashant	13-01-1988	26-11-1996	02-11-1994	26-11-2001	02-11-1999	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
2	Venkatesh	12-11-1990	12-11-1998	12-11-1996	12-11-2003	12-11-2001	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
3	M Srinivas	12-11-1990	12-11-1998	12-11-1996	12-11-2003	12-11-2001	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
4	Niranjan	28-10-1988	28-10-1996	28-10-1994	28-10-2001	28-10-1999	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
5	KS Manjuanth	25-09-1991	27-07-1998	25-09-1997	27-07-2003	25-09-2002	Senior scale promotion by 1 year and Selection Grade promotion was given 2 years in advance
6	T Rangaswamy	05-10-1990	27-08-1998	05-10-1996	27-08-2003	05-10-2001	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
7	Gopal Krishna	05-10-1990	27-08-1998	05-10-1996	27-08-2003	05-10-2001	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
8	Naga Prasad H	05-10-1990	27-08-1998	05-10-1996	27-08-2003	05-10-2001	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
9	SL Dinesh	25-09-1991	27-07-1998	25-09-1997	27-07-2003	25-09-2002	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
10.	NS Jyothi	12-10-1988	12-10-1996	12-10-1994	12-10-2001	12-10-1999	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
11	Kumara Swamy	08-10-1990	27-08-1998	08-10-1996	27-08-2003	08-10-2001	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance

Appendix-4.3 (Continued)

Sl. No.	Name	Date of appointment	Senior Scale		Selection Grade		Remarks
			Due date for promotion	Actual date for promotion	Due date for promotion	Actual date for promotion	
12	NA Ranjan	30-12-1990	27-08-1998	20-12-1996	27-08-2003	20-12-2001	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
13	MR RangaRaju	11-11-1988	11-11-1996	11-11-1994	11-11-2001	11-11-1999	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
14	MK Parth	31-10-1988	31-10-1996	31-10-1994	31-10-2001	31-10-1999	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance
15	T Mohan	08-10-1990	27-08-1998	08-10-1996	27-08-2003	08-10-2001	Senior scale promotion by 2 years and Selection Grade promotion was given 2 years in advance

Appendix-4.4
(Reference: Paragraph-4.1.4.3, Page-80)
Details of promotion as Principal Grade 1 without prescribed
Qualification

Sl. No.	Name of the college	Number of candidates	Mandatory required qualification as per AICTE	Qualification possessed at the time of promotion as Principal Grade I	Date of Promotion
1	Al Khateeb Polytechnic, Bengaluru	1	ME/M.Tech.	Diploma in Mechanical Engineering	18.01.2006
2	KCT Aided Polytechnic, Kalaburagi	1		BE	09.09.2008
3	DVS polytechnic college, Shivamogga	1		BE	29-01-2011
4	SGES Rural Polytechnic, Tarihal, Hubballi	1		BE	24-03-2007
5	KVG Polytechnic, Sullia	1		BE	21-05-2011

Appendix-4.5

(Reference: Paragraph-4.1.5, Page-80)

Extension of pay scales to teaching staff who did not possess the requisite NET/SLET/SET

Category	Number of colleges / universities	Number of teaching staff	Remarks
Mysore University, Mysuru	01	01	The candidate was appointed (March 1998) with condition to acquire Ph.D within five years. The candidate acquired Ph.D only in September 2013.
Bangalore University, Bengaluru	01	01	UGC pay scales were extended on humanitarian grounds.
Kuvempu University, Shivamogga	01	02	Extended revised UGC pay scales from time to time instead of from the date acquiring requisite qualification.
St. Aloysius Evening College, Mangaluru	01	01	NET/SLET/ or Ph.D was not acquired since date of appointment (May 1994)
Teaching staff yet to complete NET/SLET/Ph.D	159	633	In all the degree colleges who were granted grant-in-aid status earlier.
Stop gap lecturers	20	41	
Part time lecturers	17	37	
Aided degree/law/B.Ed colleges	19	91	Grant-in-aid status accorded between May 2009 and August 2015 for the first time.
Karnataka University, Dharwad	01	04	There was time lag between issue of notification by the Karnataka University, Dharwar (October 2007 and September 2008) and issue of appointment letters (July 2011 to June 2012) to the post of Lecturers and the revised norms prescribed by UGC for appointment became applicable.
Various Degree Colleges	35	109	There was time lag between date of issue of notification (December 2007) and date of reporting by candidates (September 2009). Hence, the offer of appointment issued by the University prescribed that the candidates who did not acquire the minimum mandatory qualification prescribed by UGC were not entitled for UGC revised pay scales until acquisition of qualification.

Appendix-4.5 (Continued)

Category	Number of colleges / universities	Number of teaching staff	Remarks
GP Porwal Arts, Commerce and VV Salimath Science and PG Centre, Sindhagi, Vijayapura	01	04	Due to time lag between issue of notification (December 2008) and date of reporting (January 2013) the norms prescribed by UGC for appointment was revised in 2009, which became applicable. However, we observed that though the four lecturers, who were appointed, possessed Ph.D, it was not acquired as stipulated under UGC Regulations, 2009, for award of Ph.D and hence, was required to qualify NET/SLET for drawing revised UGC pay scales.
Total		924	

Appendix-4.6
(Reference: Paragraph-4.1.5, Page-81)
Details of increments sanctioned

(a) BMS college of Engineering, Bengaluru

Sl. No.	Name	Date of Report to duty as Assistant Professor	Due date for completion of Ph.D	Actual date of completion of Ph.D
1	Bhagyalakshmi H.R.	29.04.2006	28.04.2013	19.04.2014
2	Dr.RudraNaik	09.04.2003	08.04.2010	07.09.2013
3	Dr.Bheemsha	09.04.2003	08.04.2010	07.12.2013
4	Dr.Suresh S.M.	12.06.2003	11.06.2010	01.07.2013
5	Poornima G	20.07.2005	19.07.2012	09.03.2016
6	Ramesh Nayak B.	10.03.2006	09.03.2013	Not completed
7	MangalaKeshav	01.09.2005	31.08.2012	08.03.2013
8	Usha A	07.10.2005	06.10.2012	17.04.2015
9	Arathi R Shankar	17.08.2005	16.08.2012	09.05.2015
10	Jayanthi K Murthy	17.08.2005	16.08.2012	19.04.2014

(b) Malnad Engineering College, Hassan

Sl. No.	Name	Date of Report to duty as Assistant Professor	Due date for completion of their Ph.D	Actual date of completion of their Ph.D
1	L. Laxman Naik	31-07-2003	31-07-2010	Not completed
2	Murthy MahadevNaik	29-08-2005	29-08-2012	Not completed
3	Rajanna S	11-08-2008	11-08-2015	27-02-2017

(c) PDA college of Engineering, Kalaburagi

Sl. No	Name	Date of joining to the post of Assistant Professor	Date of Completion/ 7 years stipulated period for completion of Ph.D from date of joining	Date of completion of Ph.D
1	B Mahendra,	04.07.2003	03.07.2010	Yet to be completed
2	Indumati .D.	01.04.2003	31.03.2010	September 2013
3	ShrinivasValmiki	13.05.2005	12.05.2012	Yet to be completed
4	Nagendra.H.	27.05.2005	26.05.2012	May 2016
5	VyasrajSantikellur	01.09.2005	31.08.2012	Yet to be completed
6	Mallikarjun Bhovi	05.01.2007	04.01.2014	Yet to be completed
7	Prashanth Kamble	05.01.2007	04.01.2014	Completed within 5 years of appointment
8	Girija K M	01.04.2000	31.03.2007	Yet to be completed
9	Desai A N	06.03.2000	31.03.2007	Yet to be completed

Appendix-4.7
(Reference: Paragraph-4.1.5, Page-81)
Details of extension of AICTE pay scales which were granted Grant-in-aid status after 2006

Sl. No.	Name of the colleges	Name of Teaching Staff	Date of Grant in aid	Date of Appointment
1	Sahyadri Polytechnic, Thirthahalli	Sudhir C S	14.11.2006	12.09.1994
2		Dattaprasad B P		27.09.1994
3		Subhash Chandra		01.08.1996
4		Ashoka M D		23.12.1996
5		Gangadarappa M G		23.10.1996
6		Mahabalaraj G		04.11.1996
7		Kumar M		01.01.1997
8		Prakash S V		04.05.2000
9		Arun Kumar D S		12.06.2000
10		Tejomurthy E N		12.06.2000
11		Nithin M V		01.12.2000
12		Ravikumar D M		02.01.2006
13		Venkataramana D		01.02.2006
14		Rajendra D K		28.07.2006
15	Jawaharlal Nehru, Polytechnic, Thanakusnur, Bidar	Suneel Kumar Karanje	29.06.2007	15.02.2001
16		Wadle Anteshwar Sangappa		17.02.2001
17		Suryakant		01.10.1996
18		Rajshekhar		01.10.1996
19		Sanjay Kumar		10.12.1995
20		Kupendra		15.12.1998
21		Sunil Kumar		15.12.1998
22		Bhaurao		15.12.1998
23		Sangmesh		05.08.1996
24		Wakde Rewanappa Basvanappa		01.07.1998

Appendix-4.8
(Reference: Paragraph-4.1.5, Page-81)
Extension of AICTE pay scales to non-eligible lecturers of Polytechnics

Sl. No.	Name of the College	Name of Lecturer	Education qualification during	
			Appointment	Revision of pay
1	KCT, Kalaburagi	Karazgi Abdul Hai	Diploma in Mechanical	Diploma in Mechanical
2	KVG, Sulliya	Devraj G K	Diploma in civil	Diploma in civil
3		Deranna Rai B	Diploma in Mechanical	Diploma in Mechanical
4		Sheenappa Gowda	Diploma in Mechanical (Automobile)	Diploma in Mechanical (Automobile)
5		Annayya K	Diploma in Mechanical (GL)	Diploma in Mechanical(GL)
6		Balkrishna Gowda	Diploma in Electrical Engineering	Diploma in Electrical Engineering
7		Ravi M R	BE in Mechanical during August 1999 with Second class	BE in Mechanical during August 1999 with Second class
8		Harish Kumar P	BE in Architecture during 1999 with Second class	BE in Architecture during 1999 with Second class
9	Prabhulinga D H	BE in Electronics engineering during March 1999 with Second class	BE in Electronics engineering during March 1999 with Second class	
10	Maratha Mandal, Belagavi	Pandurang Pingat	Diploma in Mechanical (AE) during April 1988 with Second Class	Diploma in Mechanical (AE) during April 1988 with Second Class
11	SGES Rural Polytechnic, Hubballi	Vijayindra Chavate	Diploma in Telecommunication during April 1988 with Second Class	Diploma in Telecommunication during April 1988 with Second Class
12		Srinivas Narayan Vaidya	Diploma in Instrumentation during April 1989 with Second Class	Diploma in Instrumentation during April 1989 with Second Class
13		Wilson J Hombal	Diploma in Mechanical Engg. With 2nd class during 1985	Diploma in Mechanical Engg. With 2nd class during 1985
14		S. Suresh	Diploma in Civil Engg. During 1988 and BE in civil during 07/1994 with pass class	Diploma in Civil Engg. During 1988 and BE in civil during 07/1994 with pass class
15	HMS Polytechnic, Tumakuru	Gopala Rao K H	Diploma	Diploma
16		Rahamatulla Khan T A	Diploma	Diploma
17	Sahaydri College, Thirthahalli	Arun Kumar D S	BE 2nd class in Civil Engg.	BE 2nd class in Civil Engg.
18		Prakash S V	BE 2nd class in computer science	BE 2nd class in computer science
19		Tejomurthy	BE 2nd class in Mechanical engg.	BE 2nd class in Mechanical Engineering

Appendix-4.9
(Reference: Paragraph-4.1.5, Page-83)
Fixation of pay of Assistant Professors in KIMS, Hubballi

Cadre	Date of Appointment/Promotion	Pay to be fixed (₹)	Pay fixed
Assistant Professor (Department of Pathology)	18-10-2011	21900 + 8000	29360+8000
Assistant Professor (Department of General Surgery)	18.10.2011		22320 +8000
Assistant Professor (Department of General Medicine)	19.10.2011		28570+8000
Assistant Professor (Department of Community Medicine)	17.10.2011		30910+8000
Assistant Professor (Department of Pathology)	24.06.2011		22320+8000