



**SPECIAL AUDIT REPORT  
ON**

**ACQUISITION OF LAND FOR NATIONAL  
HIGHWAY AND MOTORWAY PROJECTS  
NATIONAL HIGHWAY AUTHORITY**

**MINISTRY OF COMMUNICATIONS  
GOVERNMENT OF PAKISTAN**

**AUDIT YEAR 2016-17**

**AUDITOR GENERAL OF PAKISTAN**



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## **Abbreviations and Acronyms**

AC	Assistant Commissioner
AD	Assistant Director
BOR	Board of Revenue
CDWP	Central Development Working Party
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DCO	District Coordination Officer
DD	Deputy Director
DPAC	District Price Assessment Committee
EALS	Environment, Afforestation, Land and Social
ECNEC	Executive Committee of National Economic Council
EDO	Executive District Officer
GFR	General Financial Rules
KLM	Karachi-Lahore Motorway
LAA	Land Acquisition Act
LAC	Land Acquisition Collector
LAO	Land Acquisition Officer
L&S	Land and Settlement
LM&IS	Land Management and Infrastructure
LM&S	Land Management and Settlement
NHA	National Highway Authority
NIC	National Identity Card
PC-I	Planning Commission (Proforma-I)
PD	Project Director

PKM	Peshawar-Karachi Motorway
ROW	Right of Way
SOP	Standard Operating Procedure
ZLO	Zonal Land Officer

## **PREFACE**

The Auditor General conducts audit subject to Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. Special Audit of acquisition of land for National Highway and Motorway projects by National Highway Authority under Ministry of Communications, Government of Pakistan was carried out accordingly.

The Directorate General Audit Works (Federal), Islamabad conducted Special Audit during December 2016 - March 2017 for the period from July 2010 to March 2017 to report significant findings to the stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the activity of land acquisition. In addition, Audit also assessed, on test check basis, whether the management complied with applicable laws, rules, and regulations in managing the acquisition of land. The Report indicates specific actions that, if taken, will help the management to realize the objectives of the activity of land acquisition. Audit observations included in this report have been finalized in the light of written response of the management and discussions in DAC meeting.

The Report has been prepared for submission to the President in pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 for causing it to be laid before the Parliament.

Islamabad  
Dated: 9<sup>th</sup> January, 2019

**Sd/-**  
**(Javaid Jehangir)**  
Auditor General of Pakistan





## **EXECUTIVE SUMMARY**

The Directorate General Audit Works (Federal), Islamabad conducted Special Audit of acquisition of land for National Highway and Motorway projects by National Highway Authority (NHA) during December 2016 - March 2017. The objective of the special audit was to assess whether the resources had been utilized with due economy, efficiency and effectiveness. The report intends to carry out analysis of management decisions by highlighting the weaknesses in the process of acquisition of land and, thereby, providing recommendations for improvement in future.

The General Manager (Environment, Afforestation, Land and Social) NHA is responsible for land management in NHA in accordance with the provisions of Land Acquisition Act, 1894 and NHA Code (Volume-I). Funds amounting to Rs 34,826.04 million were released by NHA to the Federal Treasuries for acquisition of land against which, Rs 23,581.09 million were disbursed to the land affectees till February 2017. Out of acquired land of 130,066 Kanals and 01 Marla, land measuring 91,467 Kanals and 04 Marlas has been mutated in the name of NHA till February 2017. Land acquisition related activities from July 2010 to March 2017 were reviewed.

The main findings of Audit are as under:

- i. A sum of Rs 77.820 million was mis-appropriated on account of land compensation on the basis of forged documents. (Para 4.1)
- ii. Different assessment of price of same kind of land in the same District/adjacent Tehsil was made, which resulted in loss of Rs 1,155.497 million. (Para 4.2.1)
- iii. Reconciliation of disbursement of Rs 11,923.712 million by the Treasury Offices and presented in the banks was not carried out. (Para 4.4.1)

- iv. Land worth Rs 263.006 million was acquired outside the limits of Right of Way. (Para 4.2.2)
- v. A sum of Rs 65.0 million was disbursed to the affectees without announcement of any Award. (Para 4.2.7)
- vi. Compensation of un-settled land worth Rs 164.904 million was paid without ownership documents. (Para 4.2.3)
- vii. Excess calculation of interest for previous period was made for Rs 108.145 million and mismanagement in Award of land resulting in extra payment of interest - Rs 121.664 million (Para 4.2.4)
- viii. Overpayment of Rs 15.646 million was made due to improper assessment of fruit trees. (Para 4.2.11)
- ix. NHA failed to get the land worth Rs 9,170.172 million mutated in its name. (Para 4.3.1)
- x. Funds amounting to Rs 412.607 million were retained in excess of the Award amount. (Para 4.4.2)
- xi. Overpayment of Rs. 9.341 million was made due to incorrect calculation of shares of the affectees. (Para 4.2.13)
- xii. NHA suffered a loss of Rs 45.668 million due to delay in remittance of land compensation. (Para 4.3.2)

Based on the audit findings, it is recommended that:

- i. Departmental Inquiry be conducted to fix responsibility for misappropriation of land compensation and initiate action against persons responsible.
- ii. Reconciliation of funds be made as per laid down procedure.
- iii. Land be acquired as per actual requirement.

- iv. Efforts be made for announcement of Awards within stipulated time in order to avoid cost overrun due to payment of interest on delayed payments.
- v. Provisions of the Land Acquisition Act, 1894 and land acquisition rules and procedures must be adhered to in letter and spirit.
- vi. Demand of funds should be made as per actual requirement for speedy disbursement to avoid any subsequent delay in announcement of Awards and disbursement.
- vii. Efforts be made to get the land mutated in the name of NHA.
- viii. Efforts be made to get back the funds from Land Acquisition Collectors retained in excess of Award.
- ix. Recovery of overpaid amounts due to incorrect calculation be effected.



## 1. INTRODUCTION

The Directorate General Audit Works (Federal), Islamabad conducted Special Audit of acquisition of land for National Highway and Motorway projects during December 2016-March 2017 for the period from July 2010 to March 2017.

Region-wise detail of land acquisition for projects audited is given below:

### Quetta Region

(Rs in million)

S. No	Name of Projects	Advances issued to LAC	Amount of Award	Amount Disbursed	Area Acquired		Land mutated	
					Kanal	Marla	Kanal	Marla
1	Kalat-Quetta-Chaman Road Project N-25	308.630	314.297	259.123	2,352	6	1,998	14
2	Baleli Bridge & Kuchlak Bypass & Kalat Toll Plaza & Lakpass Tunnel	344.844	344.844	28.231	1,472	14	1,035	13
3	Kuchlak to Zhob Road N-50	242.053	242.053	228.312	2,271	9	1,963	3
4	Kolpur to Sukkur Road Project N-65	85.745	85.745	80.616	346	16	346	16
5	Waigum Rud-Khajori-Bawata Road Project N-70 GoP Funded	6.885	6.885	6.885	1,064	13	0	0
6	Surab-Basima-Basima-Nag-Nag-Panjgur Road N-85	249.398	249.398	81.106	13,102	19	5,904	3

S. No	Name of Projects	Advances issued to LAC	Amount of Award	Amount Disbursed	Area Acquired		Land mutated	
					Kanal	Marla	Kanal	Marla
7	Khuzdar-Shahdaddkot Wingu Hills Road Project M-8	97.247	97.246	97.186	2,430	12	0	0
<b>Total</b>		<b>1,334.802</b>	<b>1,340.468</b>	<b>781.459</b>	<b>23,037</b>	<b>89</b>	<b>11,246</b>	<b>49</b>

## Sindh Region

(Rs in million)

S. No	Name of Projects	Advances issued	Award amount	Disbursed amount	Land Acquired		Land Mutated	
					Kanal	Marla	Kanal	Marla
1	Construction of Sakrand-Shaheed Benazirabad Project Taluka Sakrand	34.656	34.656	32.904	270	4	270	4
2	Construction of Khairpur-Larkana Bridge Project	664.000	664.000	664.000	9,480	0	9,480	0
3	Construction of Moen-Jo-Daro Road	28.000	28.000	13.580	224	8	51	4
4	Construction of Sakrand-Shaheed Benazirabad Project Taluka Nawabshah	7.330	10.078	9.603	294	0	294	0
5	Construction of Sehwan-Ratodero Project-55	603.000	603.000	242.100	2,885	0	2,885	0
6	Construction of Amri-Qazi Ahmad Bridge Project	60.854	60.854	45.570	942	8	942	8
<b>Total</b>		<b>1,397.84</b>	<b>1,400.588</b>	<b>1,007.757</b>	<b>14,095</b>	<b>20</b>	<b>13,922</b>	<b>16</b>

## Peshawar Region

(Rs in million)

S. No	Name of Projects	Advances issued	Amount of Award	Amount Disbursed	Area Acquired		Land mutated	
					Kanal	Marla	Kanal	Marla
1	Peshawar Northern Bypass, Peshawar	3,432.004	3,073.323	2,755.187	1,364	2	1,076	0
2	Fateh pur Kalam Road N-95	221.086	219.571	209.573	213	3	213	3
3	Lowari Tunnel Project	696.775	646.473	381.897	563	14	0	0
4	Khushal Garh Bridge Project	2.952	2.914	2.622	52	9	31	19
5	China-PAK, Economic Corridor (Havelian Thakot section)	2,892.520	0	322.179	0	0	0	0
	<b>Total</b>	<b>7,245.337</b>	<b>3,942.281</b>	<b>3,671.458</b>	<b>2,192</b>	<b>28</b>	<b>1,320</b>	<b>22</b>

## Punjab Region

(Rs in million)

S. No	Name of Projects	Advances issued	Award amount	Disbursed amount	Land acquired		Land mutated	
					Kanal	Marla	Kanal	Marla
1	Lahore to Islamabad (M-2)	168.056	515.898	168.056	508	3	-	-
2	Islamabad-Muzafarabad Dual Carriageway	748.937	644.550	607.448	2749	2	2,708	7
3	Habibabad Flyover Project	114.300	0	90.503	51	6	51	6

S. No	Name of Projects	Advances issued	Award amount	Disbursed amount	Land acquired		Land mutated	
					Kanal	Marla	Kanal	Marla
4	Hassanabdal-Havalian (E35) Expressway Burhan	1,750.866	1,699.108	1,573.784	7568	4	7,159	8
5	Hassanabdal-Havelian Expressway (E-35), Punjab Portion	244.029	242.127	226.732	1755	18	1,427	0
	<b>Total</b>	<b>3,026.188</b>	<b>3,101.683</b>	<b>2,666.523</b>	<b>12631</b>	<b>33</b>	<b>11,345</b>	<b>21</b>

### Peshawar-Karachi Motorway

(Rs in million)

S. No	Name of Projects	Advances issued	Amount of Award	Amount Disbursed	Land acquired		Land mutated	
					Kanal	Marla	Kanal	Marla
1	Peshawar-Karachi Motorway Section (Lahore Zone)	8,087.232	7,864.099	6,149.718	40,468	0	37,552	0
2	Peshawar-Karachi Motorway Section (Sukkur zone)	5,297.532	0	2,733.985	3,112	0	870	0
3	Peshawar-Karachi Section (Multan zone)	3,518.677	2,694.001	2,487.238	12871	11	6,687	10
4	Peshawar-Karachi Section (Rahimyar Khan zone)	4,918.433	0	4,082.956	21,651	0	8,519	06
	<b>Total</b>	<b>21,821.874</b>	<b>10,558.1</b>	<b>15,453.897</b>	<b>78,102</b>	<b>11</b>	<b>53,628</b>	<b>16</b>

*Note: The information is based on land/payment record maintained in Revenue Departments/NHA upto February 2017.*



## **2. AUDIT OBJECTIVES**

The main objectives of the audit were to see whether:

- rules, regulations, procedures and government/management's instructions were followed in their true spirit;
- due care and prudence was applied at all levels;
- land awards were announced in time;
- effective measures were taken by heads of various Zones of the Authority in processing and announcements of Awards and disbursement of compensation to the land affectees, etc;
- the required standards of financial propriety were observed while announcement of awards and compensation was paid to the actual affectees.

## **3. AUDIT SCOPE AND METHODOLOGY**

Funds amounting to Rs 34,826.04 million were released by NHA to the Federal Treasuries for land acquisition against which, Rs 23,581.09 million were disbursed to the land affectees upto February 2017. Out of acquired land of 130,066 Kanals and 01 Marla, land measuring 91,467 Kanals and 04 Marlas has been mutated in the name of NHA up to February 2017. Land acquisition related activities from June 2010 to March 2017 (date of audit) were subject to audit.

Audit methodology included data collection, determination of objectives and audit criteria, analysis/consultation of record, discussion with staff, site visits, etc. Following steps were involved:

- i. Understanding the auditee/activity;
- ii. Defining audit objectives;
- iii. Developing audit procedures;
- iv. Conducting audit as per audit procedures;
- v. Evaluating results;
- vi. Reporting.

## **4. AUDIT FINDINGS AND RECOMMENDATIONS**

### **4.1 Fraud/Mis-appropriations**

#### **4.1.1 Mis-appropriation of land compensation on the basis of forged documents - Rs 77.820 million**

According to Rule 23 of General Financial Rules (Vol-I) “Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

As per section 11 of Land Acquisition Act, 1894, Land Acquisition Collector (LAC) shall make an Award for acquiring true area of land and cost of damages occurred due to acquisition of land after assessment of losses.

According to Standard Operating Procedure (SOP) of land management in NHA, the National Highway Authority shall pay compensation to a person having interest in land, if he proves that his interest in land has been adversely affected by acquisition of the same.

(A) Audit noted that an amount of Rs 290.0 million was placed at the disposal of Deputy Commissioner, Dadu for payment of compensation for land acquired for “Construction of Dual Carriageway from Sehwan to Ratodero (N-55)”. Out of Rs 290.0 million, funds of Rs 140.0 million were surrendered to NHA and the remaining balance of Rs 150.0 million was disbursed as under:

Assistant Commissioner/ LAO Dadu ..	Rs 50.00 million
Assistant Commissioner/LAO Khairpur Nathan Shah..	Rs 50.00 million
Assistant Commissioner/ LAO Mehar..	Rs 50.00 million

Audit observed that the Assistant Commissioner/Land Acquisition Officer (LAO), Dadu returned Rs 28.645 million after distribution of Award money to the land affectees while AC/LAO Khairpur Nathan Shah District, Dadu and AC/LAO Mehar did not return unspent balances. Instead, AC/LAO Khairpur Nathan Shah informed that an amount of Rs 6.898 million had been drawn fraudulently by the fictitious land owners on bogus documents i.e. forged Award letter, sanction orders, false undertaking on Stamp Papers, forged VII-B Form, and Vouchers, NIC etc. as verified from the office of District Accounts Office, Dadu.

Similarly, Assistant Commissioner/LAO, Mehar also informed that an amount of Rs 32.346 million had been misappropriated/embezzled by bogus land owners in the same manner.

In this way, total amount of Rs 39.244 million had been misappropriated. Complete record of misappropriation was not produced to Audit stating that the matter pertained to Revenue Department, Dadu and the record was not handed over to NHA, Karachi. It was intimated during Audit that the cases were under trial before District Session Judge District Dadu. Criminals were still at large. No culprit had been arrested so far.

Audit is of the view that the embezzlement/misappropriation occurred due to non-adherence to the provisions of the Land Acquisition Act, 1894, weak internal and financial controls.

The matter was pointed out in January-February, 2017. The Authority replied that the matter had been referred to NAB Karachi on 15<sup>th</sup> November, 2016 for proper investigation and necessary action.

The reply was not tenable because no departmental inquiry as required before referring the matter to NAB was conducted.

The matter was discussed in DAC meeting held on 16<sup>th</sup> October, 2017. NHA apprised the DAC that the matter had already been referred to

NAB Karachi for investigation. The DAC directed the Authority to hold departmental inquiry and pursue the NAB for early recovery.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that departmental inquiry be conducted for fixing responsibility and action be taken against the persons responsible.

(Para 3)

**(B)** Audit noted that as per Award dated 11<sup>th</sup> June, 2012, NHA transferred funds of Rs 91.00 million for payment of land compensation to District Treasury, Kamber Shahdadkot for the project "Construction of Sehwan-Ratodero Road Section (N-55)".

As per available record of Zonal Land Officer (South Zone) NHA, Karachi vide his office letter No. NHA/ (S.Z) /(Land)/ 2016/62 dated 01.03.2016, the fund position was as under:

Funds deposited for compensation of land in Treasury	Rs 91,000,000
Funds disbursed among the original land owners	Rs 14,906,875
Remaining balance	Rs 76,093,125

Audit observed that the Authority requested the Commissioner, Larkana Division to return the balance amount of Rs 76.093 million to NHA. In response, the Deputy Commissioner, Kamber Shahdadkot returned an amount of Rs 37.517 million through Cheque No. 049746 dated 14.07.2016 to NHA stating that the balance amount of Rs 38.576 million had been mis-appropriated by Mr. Khadim Hussain Kutrio, District Officer (Revenue), Kamber Shahdadkot. The case of mis-appropriation/disputed amount of Rs 38.576 million was under investigation of NAB.

Audit is of the view that funds were mis-appropriated due to weak supervisory and financial controls.

The mis-appropriation was pointed out in January-February, 2017. The Authority replied that Revenue Department paid compensation to land owners amounting to Rs 14.907 million and an amount of Rs 37.517 million was returned by Deputy Commissioner, Kamber-Shahdadt to NHA on 14<sup>th</sup> July 2016 vide cheque No. 049746. NHA had referred the matter of illegal disbursement by Revenue Department to NAB Sukkur for proper investigation and necessary action.

The matter was discussed in DAC meeting held on 16<sup>th</sup> October, 2017. NHA informed the DAC that Revenue Department paid compensation to legal land owners amounting to Rs 14.907 million and an amount of Rs 37.517 million had been returned by DC Qamber-Shahdadt to NHA on 14.07.2016. The Authority further informed that it had referred the matter of illegal disbursement by Revenue Department to NAB, Sukkur for investigation and necessary action.

Audit informed the Committee that Rs 91.00 million were deposited by NHA for acquisition of land for Sehwan - Ratodero project. Out of this amount, Rs 14.907 million were shown disbursed to the legal land owners. As far as return of Rs 37.517 million by Deputy Commissioner is concerned, only a photo copy of cheque bearing number 049746 was provided for verification. Bank Statement and Cash Book were not shown to Audit for verification of account of the cheque in the NHA accounts. DAC directed the Authority to provide evidence of receipt of funds of Rs 37.517 million in NHA accounts, hold departmental inquiry and pursue the NAB for balance recovery of Rs 38.576 million.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that inquiry be conducted for fixing responsibility and action be taken against the persons responsible.

(Para 2)

## **4.2 Irregularity and Non-compliance**

### **4.2.1 Loss due to assessment of price of agriculture land at higher rates - Rs 1,155.497 million**

According to Section 23 of the Land Acquisition Act, 1894, for determining the market-value, the Court shall consider transfer of land similarly situated and in similar use. The potential-value of the land to be acquired if put to a different use shall only be taken into consideration if it is proved that land similarly situated and previously in similar use has, before the date of the notification under sub-section (1) of section 4, been transferred with a view to being put to the use relied upon as affecting the potential value of the land to be acquired.

Further, Section 18 of LAA, 1894 provides that, any person interested who has not accepted the award may, by written application to the Collector, require that the matter be referred by the Collector for the determination of the Court, whether his objection be to the measurement of the land, the amount of the compensation, the person to whom it is payable, or the apportionment of the compensation among the persons interested.

As per item 8 of Chapter-2 of Standard Operating Procedure (SOP) for land acquisition of Karachi-Lahore Motorway (KLM) issued by Land & Social Section, Environment, Afforestation, Land and Settlement (EALS) Wing, National Highway Authority in June 2014, Project Director/Deputy Director (LM&S) shall be responsible to file reference under Section 18 of Land Acquisition Act, 1894 if, they deem that the rates awarded/fixd by Land Acquisition Collector/Board of Revenue were on higher side.

Audit noted that agriculture land measuring 549.925 acres in Tehsil Ghotki, was acquired for Peshawar-Karachi Motorway (PKM) (Multan-Sukkur Section) at assessed price of Rs 1,345.221 million including 15% compulsory acquisition charges as detailed below:

District	Tehsil	Price fixed for compensation of land (Rs)	District	Mouzas surrounded by District Ghotki	Price fixed for compensation of land (Rs)
Ghotki	Ghotki	2,800,000	Rahim	Bhara	300,000
		2,500,000	Yar	Karak	300,000
		1,500,000	Khan	Faiz Jilaniabad	300,000

Audit observed that the price of the agriculture land in District Ghotki was fixed on the basis of following three principles and average sale price through mutations of one year, schedule of land and market price instead of average Yak Sala:

- That a willing buyer and a willing purchaser was ready to pay.
- Potential value of the land (benefits to be arisen out from the land)
- Location of the land

Audit also found that District Price Assessment Committee fixed price for agriculture land of Rs 300,000 per acre for Mouzas Bhara, Karak and Faiz Jilaniabad, Tehsil Sadiqabad, District Rahimyar Khan whereas, rates of land in adjacent Mouzas in District Ghotki were fixed as Rs 2,800,000 per acre for the same kind and having same use is incomprehensible.

Audit also noticed that Project Director/Deputy Project Director/Land Acquisition Officer/ Assistant Director Land, etc. did not maintain close liaison with the LAC / Assistant Commissioners on behalf of the land acquiring agency (NHA) due to which the prices of land were fixed much higher as compared to the prices paid in the adjacent/surrounding Mouzas. Project Director / Director, Land NHA did not file reference under Section 18 of Land Acquisition Act, 1894. This resulted in loss of Rs 1,155.497 million.

Audit is of the view that higher prices of agriculture land were fixed due to failure of the NHA management to maintain liaison with the

revenue authorities and non-filing of reference under Section 18 of Land Acquisition Act, 1894 and poor monitoring of the acquisition process.

Audit pointed out the loss in January-February, 2017. The Authority replied that the per acre rates of land to be acquired in different dehs in taluka Ghotki varied between Rs 1,500,000 to Rs 2,800,000 per acre. Thus, the rates of land even in the same taluka / tehsil were different. This variation in the rate was based upon the prevailing market rate of the land in these dehs. The reply of the Authority was not correct because rates of agriculture land were fixed much higher as compared to the prices allowed in adjacent / surrounded Mouzas Bhara, Karak and Faiz Jilaniabad, Tehsil Sadiqabad, District Rahimyar Khan.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that the Awards were announced keeping in view the market value of the land. The price varied in different Dehs. Rates were fixed as per market value because of their peculiar location, proximity to the city, rapid commercialization, industrialization of the area. The DAC was not convinced and directed NHA to hold a fact-finding inquiry within one month and share the findings with Ministry of Communications and Audit.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends early finalization of inquiry and action against the persons responsible.

(Para 11)

#### **4.2.2 Acquisition of land in excess of requirement - Rs 263.006 million**

According to item 1.19 of SOP for NHA Land Management and Infrastructure, 2000 the Project Director shall demarcate the alignment in co-ordination with the Director (LM&IS), Land Acquisition Collector and



Consultant or as deemed appropriate with the consultation of Regional GMs. To ensure accurate acquisition of required strip of land, the permanent survey mark/pucca burjis shall be fixed and the Land Acquisition Collector shall ensure that the area indicated for acquisition has to be strictly in accordance with the requirements of the drawings/design prepared for the project.

Under Section-8 of Land Acquisition Act 1894, land to be marked out, measured and planned, the Collector shall thereupon cause the land (unless it has already been marked out under section-4) to be marked out. He shall also cause it to be measured, and if, no any plan has been thereof, a plan to be made of the same. Further, Para-14 of NHA Code (Chapter-7) provides that the Project Director or his representative shall keep close liaison with Land Acquisition Collector or his staff at all stages of acquisition, especially at the time of assessment of compensation for damages and price of land and shall argue his views before the competent authorities. He shall also put his signatures along with that of the LAC on all the Awards.

Para-8 of Standard Operating Procedure provides that Project Director/Director/ Deputy Director/Assistant Director (LM & S) shall be responsible to file reference under section -18 of Land Acquisition of Act 1894 if, they deem that the rates awarded/ fixed by LAC/Board of Revenue were on higher side.

**(A)** Audit noted that Awards for acquisition of land falling in Right of Way (ROW) of Peshawar-Karachi Motorway (PKM: Multan-Sukkur Section) of Tehsil & District Ghotki were announced and paid accordingly. Audit further noted that land measuring 462 Acres and 13 Ghuntas was required in different Mauzas of Tehsil Ghotki.

Audit observed that as per Awards of different Mouzas in Tehsil Ghotki, land measuring 557 Acres and 26 Ghuntas was acquired and paid against the actual requirement of 462 acres and 13 Ghuntas. This resulted in acquisition of land in excess of actual requirement involving

Rs 241.687 million (96 Acres and 27 Ghuntas x Rs 2,500,000 average price).

The excess acquisition of land was pointed out in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that an inquiry was underway to investigate that how much excess land had been acquired and compensated to the land owners. However, the land acquired more than NHA ROW had been compensated and mutated in favour of NHA. The NHA is the owner of this land, as the mutations had been made in the name of the NHA. It can be auctioned, or efforts can be made to recover the payments and transfer back the land's ownership to the owners. DAC directed the NHA to effect recovery, hold inquiry of acquisition of excess land and get the relevant record verified from Audit.

(Para 6)

**(B)** Audit noted that the Zonal Land Officer, NHA, Karachi acquired land for construction of Khairpur-Larkana Bridge through DC/LAC Khairpur. Land measuring 288.13 acres was required for the project for which Awards were announced.

Audit observed that actual land measuring 34.04 acres in Deh Saidi Lower Taluka, Kingri was required to be acquired but during re-survey, it was noticed that 52.02 acres of land was acquired and paid which resulted in excess acquisition of land measuring 17.98 acres and overpayment of Rs 21,318,750.

Audit maintains that excess acquisition of land occurred due to non-adherence to the project design, weak monitoring system and poor internal controls.

This excess acquisition of land was pointed out in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in DAC meeting held on 16<sup>th</sup> October, 2017. NHA informed the Committee that funds were deposited and made at the disposal of DC, Khairpur for acquisition of Land for Construction of Khairpur-Larkana Bridge Khairpur side. B-Forms of excess area of land were issued (out of ROW) and payment was made to land owners having land outside ROW. Action of recovery from the owners on the part of Revenue Department is still awaited. DAC directed the Authority to put pressure for early recovery from office of the DC-Khairpur. The Committee also directed to hold departmental inquiry within two months.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that matter be investigated for fixing responsibility of acquiring and payment of land more than requirement and recovery.

(Para 4)

#### **4.2.3 Unjustified payment of compensation of land for un-settled areas - Rs 164.904 million**

According to Rule 49 & 50 of Land Revenue Act, 1967 (Rights of Government in mines and minerals) Notwithstanding anything to the contrary in any other law, or in any order or decree of Court or other authority, or in any rule of custom or usage, or in any contract, instrument, deed or other document, all mines and minerals shall be and shall always be deemed to have been the property of Government, and Government shall have all powers necessary for the proper enjoyment of its rights thereto. When in any record-of-rights was, with or without modifications, in force immediately before the commencement of this Act, it is not expressly provided that any forest or quarry, or any unclaimed, unoccupied, deserted or waste-land or any spontaneous produce or other accessory interest in land belongs to the land-owners, it shall be presumed to belong to Government.

Audit noted that land measuring 3,308 Acres 02 Rods and 39 Pol was required by NHA for up-gradation, widening and construction of Naag-Hoshab Road Section of N-85 in Tehsil Panjgur and Tehsil Gowargo of District Panjgur. In this connection, Award No. 1050-56/RB was passed for Rs 190.086 million on 30<sup>th</sup> April, 2013.

Audit observed that the said land was un-settled/waste-land in the District revenue record. No registry, mutation, sale deeds or any other transition of land was recorded in the Tehsil or any other Government authorized offices to indicate price of land or any kind of tax paid to government. No record of right was available in District revenue offices.

Audit further observed that any rules and regulations, agreement or action exercised by any institution of Government cannot supersede the Act contained in the Constitution of the State. The inclusion of component of land amounting to Rs 164.904 million was unjustified for State land. The affected habitants could be accommodated by providing them an alternate place and passing of Award on account of structure, trees, crops or any other damages. In the absence of registered land owners, payment on account of land compensation was unjustified.

Audit is of the view that unjustified compensation was paid due to non-adherence to the provisions of the Land Revenue Act, 1967, weak technical and financial controls.

Audit pointed out the unjustified payment in January-February, 2017. The Authority replied that an amount of Rs 104.10 million was demanded by the Deputy Commissioner Panjgur for payment to private land owners measuring 6,002 kanal and 1 marla which was in the possession of the affectees. However, funds of un-settled/state land were not released by the NHA despite demand of Collector. In this respect, a Stamp Paper had been obtained from private land owners against land utilized for construction. Moreover, in Balochistan province, most of the land is unsettled in nature having no revenue record. In this respect, it is relevant to add here that the settlement of land had been carried out from 1940 to 1965 in different districts in different periods. Thereafter, due to

increase in population, the unsettled land had been occupied by the inhabitants by constructing structure (residential & non-residential) and orchards on the same. The compensation of unsettled land in possession of the people had been released by NHA as per demand of Collector/Deputy Commissioner of the concerned districts. In most of the districts, compensation of unsettled land had not been released by NHA.

In reply, it was admitted that payment of unsettled land was released by the NHA on demand of LACs. The payment was disbursed to unauthorized occupants against the law. The land was not in the names of occupants, hence, were not legal owners of the land as per Land Acquisition Act, 1894. In absence of the ownership record, the unsettled land had not been mutated in the name of the NHA.

The matter was discussed in DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that in Balochistan province, due to tribal system in each Mouza, only one tribe is the permanent resident of that Mouza having shares in combined land as well as unsettled land and has no revenue record. DAC directed to get the land mutated in the name of NHA and provide mutation record to Audit for verification.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that action be taken against persons responsible of violation of rules and land be got mutated in the name of the NHA at the earliest.

(Para 25)

#### **4.2.4 Excess calculation of interest for previous period - Rs 108.145 million and mismanagement in Award of land resulting in extra payment of interest - Rs 121.664 million**

Section 34 of Land Acquisition Act, 1894 provides that when the amount of such compensation is not paid or deposited on or before taking possession of the land, the Collector shall pay the amount Awarded with

compound interest at the rate of eight per centum per annum from the time of so taking possession until it shall have been so paid or deposited (Substituted by the Land Acquisition (West Pakistan Amendment) Act, 1969 (III of 1969), section 2 (d) for “interest thereon at the rate of six per centum”).

(A) Audit noted that land measuring 254 kanals and 02 marlas situated in village Bagh-e-Nau Tehsil Pindi Bhattian, District Hafizabad was acquired vide Award No. 06/1997 dated 9<sup>th</sup> April, 1997 for Lahore-Islamabad Motorway for additional Right of Way (ROW) of M-2. Audit further noted that some khasra numbers in the village Bagh-e-Nau were not included in the Award by the LAC, NHA. Resultantly, the LAC NHA, announced another Award No.06 on 7<sup>th</sup> November, 2012 against 93 kanals 12 Marla for Rs 164.720 million, as detailed below:

Name of village	Area K-M	Rate per Acre	Cost of land (Rs)
Bagh-e-Nau Tehsil Pindi Bhattian	93-12	Rs 3,200,000	37,440,000
15% Compulsory acquisition charges			5,616,000
Total			43,056,000
8% compound interest for the period from 5 <sup>th</sup> June, 1995 to 7 <sup>th</sup> November, 2012 due to missing khasra.			121,664,083
<b>Grand Total</b>			<b>164,720,083</b>

The NHA transferred an amount of Rs 43.056 million on 28<sup>th</sup> August, 2012 to the Treasury which was disbursed amongst the affectees. The Director (LM&IS) ZLO, NHA, Lahore demanded further funds of Rs 121.664 million on account of compound interest @ 8% for payment to the affectees.

Audit observed that compensation of missing land was calculated and paid at the market rates of 2010 while compound interest was calculated for the period from 5<sup>th</sup> June, 1995 to 7<sup>th</sup> November, 2012. Audit considered that 8% compound interest was to be calculated and paid from

2010 instead of 1995. This resulted in calculation of excess interest of Rs 108.145 million, as calculated below:

Land	Rate of land applied	Period of interest calculated	Period of interest to be calculated	Excess period	Rate	Amount (Rs)
93-12 acre	Rs 3,200,000 per acre	05.06.1995 to 07.11.2012	16.09.2010 (Date of Section - 4) to 07.11.2012	05.06.1995 to 16.09.2010	28.125 %	108,145,840

Audit is of the view that calculation of excess interest was due to weak internal controls.

Audit pointed out the excess calculation of interest in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that some land was required by NHA from village Bagh-e-Nau, Tehsil Pindi Bhattian, District Hafizabad as Additional Right of Way of M-2. Upon the request of acquiring agency the then LAC acquired land 254 Kanal – 02 Marla by announcing Award No.06/1997 dated 9<sup>th</sup> April, 1997. After passage of a long period, local people of the area started filing applications for compensation of their land claiming that their land is in possession of NHA, but they had not been paid any compensation against their land. After receiving their applications, NHA carried out demarcation of land which revealed that land measuring 93 Kanal and 12 Marla is falling within ROW of M-2 which had not acquired at the time of previous Award No.6 dated 9<sup>th</sup> April, 1997. On the request of NHA, the LAC acquired the left-over land vide Award No.06/2012 dated 7<sup>th</sup> November, 2012. The LAC paid compound interest @ 08% of compensation in accordance with Section 34 of Land Acquisition Act, 1894.

Audit contended that compensation of missing land was calculated and paid at the market rates of 2010 while compound interest was calculated for the period from 5<sup>th</sup> June, 1995 to 7<sup>th</sup> November, 2012. Audit considered that 8% compound interest was to be calculated and paid from 2010 instead of 1995. DAC directed to hold Fact-Finding inquiry to fix responsibility.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that inquiry be conducted for fixing responsibility and action against the persons responsible.

(Para 162)

**(B)** Audit noted that land measuring 254 kanals and 02 marlas situated in village Bagh-e-Nau Tehsil Pindi Bhattian, District Hafizabad was acquired vide Award No. 06/1997 dated 09.04.1997 for Lahore-Islamabad Motorway for additional Right of Way (ROW) of M-2. Audit further noted that some khasra numbers in the village Bagh-e-Nau were not included in the Award by the LAC NHA. Resultantly, the LAC NHA, announced another Award No.06 on 7<sup>th</sup> November, 2012 against 93 Kanals 12 Marla for Rs 164.720 million, as detailed below:

<b>Name of village</b>	<b>Area K-M</b>	<b>Rate per Acre (Rs)</b>	<b>Cost of land (Rs)</b>
Bagh-e-Nau Tehsil Pindi Bhattian	93-12	3,200,000	37,440,000
15% Compulsory acquisition charges			5,616,000
Total			43,056,000
8% compound interest for the period from 5 <sup>th</sup> June, 1995 to 7 <sup>th</sup> November, 2012 due to missing khasra.			121,664,083
<b>Grand Total</b>			<b>164,720,083</b>

The NHA transferred an amount the amount Rs 43.056 million on 28<sup>th</sup> August, 2012 in the Treasury which was disbursed amongst the affectees. The Director (LM&IS) ZLO, NHA, Lahore demanded



additional funds of Rs 121.664 million on account of compound interest @ 8% for payment to the affectee.

Audit observed that LAC announced Award without going through the land revenue record etc and missed some Khasras from the Award although the possession of the said left out land was taken over by the NHA on 5<sup>th</sup> June, 1995. This missing of Khasras was due to lapse on the part of LAC NHA but no responsibility of the loss was fixed. This resulted in extra cost of Rs 121.664 million.

Audit is of the view that extra cost resulted due to weak internal controls.

Audit pointed out the extra cost in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that some land was required by NHA from village Bagh-e-Nau, Tehsil Pindi Bhattian, District Hafizabad as Additional Right of Way of M-2. Upon the request of acquiring agency the then LAC acquired land 254 Kanal – 02 Marla by announcing Award No.06/1997 dated 09.04.1997. After passage of a long period, local people of the area started filing applications for compensation of their land claiming that their land is in possession of NHA, but they had not been paid any compensation against their land. After receiving their applications, NHA carried out demarcation of land which revealed that land measuring 93 Kanal and 12 Marla is falling within ROW of M-2 which had not acquired at the time of previous Award No.6 dated 09.04.1997. On the request of NHA, the LAC acquired the left-over land vide Award No.06/2012 dated 07.11.2012. The LAC paid compound interest @ 08% of compensation in accordance with Section 34 of Land Acquisition Act, 1894. DAC was not convinced and directed to hold Fact-Finding inquiry to fix responsibility of missing Khasras at the time of original Award and extra burden on the public exchequer in shape of payment of 8% interest of Rs 121.664 million.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that matter be investigated, and strict action be taken for act of negligence besides measures to ensure transparency in acquisition of land.

(Para 154)

#### **4.2.5 Extra financial burden due to payment of 15% additional charges - Rs 83.285 million**

Para-14 (Chapter 7) of NHA Code (Land Acquisition) provides that the Project Director or his representative shall keep close liaison with Land Acquisition Collector or his staff at all stages of acquisition, especially at the time of assessment of compensation for damages and price of land and shall argue his views before the competent authorities. He shall also put his signatures along with that of the LAC on all the Awards.

Audit noted that District Officer (Revenue) LAO, Kamber Shahdadtakot demanded tentative funds of Rs 102.321 million for land measuring 303-33 acres for construction of Gwadar-Ratodero Road project (Khuzdar-Shahdadtakot section) including 15% compulsory land acquisition charges and 6% simple interest for one year. The NHA Headquarters approved funds of Rs 97.247 million (compensation of land including 15% additional charges) and released the funds vide cheque No.211-0/719939, dated 18<sup>th</sup> June, 2010. Out of the released funds, an amount of Rs 97.186 million was disbursed amongst the affectees.

Audit observed that the District Officer (Revenue) LAO, Kamber Shahdadtakot announced Awards on individual basis including 15% additional charges and 6% simple interest on the cost of land for a period of 42 months (3 years 6 months). Payment was made to the affectees accordingly to the extent of Rs 146.715 million despite of the facts that NHA disagreed on payment of interest. Funds were also released within seven months from the date of issue of demand. Later, the District Officer

demanded further funds on account of 15% & 6% paid to the Khatedars on the plea that funds were received late from NHA vide their letter dated 23<sup>rd</sup> August, 2011.

Audit is of the view that due to unjustified demands and favourable attitude towards affectees put undue financial burdens on the public exchequer involving Rs 83.285 million, as detailed below:

<b>Initial Demand</b>	<b>Cost as per Award (Rs)</b>	<b>Demand after Award (Rs)</b>	<b>Admissible (Rs)</b>	<b>Undue (Rs)</b>
(1)	(2)	(3)	(4)	(3-4)
102,320,625	146,715,937	180,582,330	97,296,875	83,285,455

Audit is of the view that un-justified demands was due to non-adherence to the canons of financial propriety and rules/regulations which reflects inadequate mechanism of enforcing financial as well as administrative controls and poor/inefficient monitoring system in the department.

Audit pointed out the undue financial burden in January-February, 2017. The Authority replied that the 12 KM area of Sindh province falls in Khuzdar - Shahdadt Section IV (Package-V). The acquisition of land had been carried out by the then District Officer (Revenue) Kamber. The rates of land were fixed by the District Officer Revenue, Kamber as Rs 300,000 per acre for cultivated and Rs 240,000 per acre for non-cultivated land. Demand of funds of Rs 97,246,875 was received from District Officer Revenue, Kamber which was released by NHA. The NHA demanded adjustment of released amount. In response, the District Officer (Revenue) Kamber Shahdadt demanded additional funds of Rs 83,335,455 as 15 % delay charges interest per annum plus 6% compound interest. The additional demand of fund was not processed as the 15 % compulsory land acquisition charges had already been released by NHA being unjustified. Meanwhile unofficially, it came to the knowledge regarding passing of Award, therefore, this office issued several letters to provide the adjustment of funds and copy of Award

however, complete adjustment and copy of Award had not been provided to NHA.

The reply was not tenable as the DCO/LAC concerned made payment to affectees considering the delay charges @ 15% in addition to 6% interest for the whole delayed period. As per Act, only interest is payable for the delayed payment. NHA failed to obtain essential record from the concerned LAC/DCO. The Authority did not file any petition against the payment.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA informed the Committee that the matter was in the court of law. The DAC pended the Para as the matter was subjudice.

Audit recommends that departmental inquiry be conducted for fixing responsibility, action be initiated against the persons responsible and court case be pursued actively.

(Para 56)

#### **4.2.6 Loss due to payment of land compensation more than market rates - Rs 65.917 million**

According to Clause 23 of the Land Acquisition Act, 1894, for determining the market-value, the Court shall take into account transfer of land similarly situated and in similar use. The potential-value of the land to be acquired if put to a different use shall only be taken into consideration if it is proved that land similarly situated and previously in similar use has, before the date of the notification under sub-section (1) of section 4, been transferred with a view to being put to the use relied upon as affecting the potential value of the land to be acquired.

Under section-4 it was the whole responsibility of the Land Acquisition Collector to carry out the survey, assess the category of the land either falls in the urban / area of Municipality, agricultural / non-agricultural i.e. classification of the land to fix the cost by taking the three years average sale/purchase, etc. whereas instant case the cost of land was

fixed by the Military Estate Officer setting aside the prevailing market rates furnished by the concerned Tehsildar.

Para 14 of NHA Code Chapter-7 (Land Acquisition) provides that the Project Director or his representative shall keep close liaison with Land Acquisition Collector or his staff at all stages of acquisition, especially at the time of assessment of compensation for damages and price of land and shall argue his views before the competent authorities. He shall also put his signatures along with that of the LAC on all the awards.

Audit noted that the Zonal Land Officer, (Deputy Director (L&S/Legal), NHA Quetta) acquired land 14.037 Acres @ Rs 7.196 million for construction of Chaman By-pass at Mouza Daman Sarkari Tehsil Chaman District Qilla Abdullah.

Audit observed that the prevailing market rates of the land were provided by the Tehsildar (Chaman) as detailed below:

<b>Market Value of Land Tehsil Chaman</b>			
<b>S.No</b>	<b>Name of Mouza</b>	<b>Location</b>	<b>Rate per acre</b>
1.	Khushkaba Daman Sarkari	Close to road area	20 to 25 Lakh
		Away from road	15 to 18 Lakh
2.	Morda Karez	College Road	15 to 20 Lakh
		Rehman Kahol Road	10 to 12 Lakh
		Morda Karez	12 to 15 Lakh
		Bypass Road	13 to 18 Lakh
		Away from Road	8 to 10 Lakh
3.	Karezat Poran Chaman	Close to road area	15 to 20 Lakh
		Away from road	6 to 10 Lakh

Despite the above prevailing market rates, the Zonal Land Officer paid Rs 101.010 million as cost of land measuring 14.037 acres @ Rs 7.196 million per acre as demanded by the Military Estate Officer. The rates paid were on higher side as compared to the prevailing market rates provided by the Tehsildar, Chaman. The matter of higher rates was

not taken up with Military Estate Office. This resulted in overpayment / loss of Rs 65.917 million to Authority, as detailed below:

Cost of 14.037 acre paid @ Rs 7,195,982	Rs 101,010,000
Cost of 14,037 acre to be paid @ Rs 2,500,000	Rs 35,092,500
Overpayment /Loss to Authority	Rs 65,917,500

Non-adherence to the provision of Land Act regarding fixation / assessment of rates for the land to be acquired reflects weak / inefficient monitoring systems as well as internal and financial controls.

Audit pointed out the higher rates in January-February, 2017. The Authority did not reply.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that the Chaman Bypass road was included in the additional work of Kalat-Quetta-Chaman project N-25 under financial assistance of USAID. During construction, the Army authorities stopped the construction work of project and demanded the Land Compensation. A Board of Officers was established by the Corp HQ (Southern Command) Quetta and joint survey was conducted. The Board of Officers fixed the land rates as Rs 7.196 million per acre. DAC directed NHA to hold an inquiry in the matter within one month and share outcome with Audit.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends holding of departmental inquiry at the earliest.  
(Para 24)

#### **4.2.7 Unauthorized payment of damages - Rs 65.00 million**

As per Para 3.1 of SOP of Land Management and Infrastructure Wing, on receipt of design/drawing after demarcation of alignment from Project Director/Director (IS&LM), the Land Acquisition Collector shall

request the District Collector by sending draft notification under section 4 of the Land Acquisition Act, 1894 for approval and assistance in acquiring the land required by National Highway Authority for public purpose. The Land Acquisition Collector and his staff shall collect the revenue record with a view to having the entries in the draft notification about the names of the Tehsils, Mouza, Villages and approximate area of the land to be acquired.

As per Para 3.2 of SOP of Land Management and Infrastructure Wing, after check and clearance from District Collector, the LAC will forward the Notification to the Government Printing Press for publication in the Gazette in the prescribed manner. The Director (LM&IS) would seek from the District Collector, through the LAC, rough cost estimate as per law of the land in question.

As per Para 3.9 of SOP of Land Management and Infrastructure Wing, the Awards in all cases shall be passed by the LAC himself after discussion/clearance by Regional LMCC in presence of the persons interested/affectees by calling them through notice U/S 9 of the Land Acquisition Act. He then, shall prepare two lists, the one showing the names of persons present and the 2<sup>nd</sup> for absentees. The statement of the persons interested shall be recorded as to whether they accept the measurements and the rates of compensation proposed for the various qualities of land, trees, buildings, crops, etc. and to the apportionment therefor.

Audit noted during scrutiny of land record relating to Islamabad-Muzaffarabad Dual Carriageway, the Project Director (IMDC) requested the competent authority to grant approval for utilization of released funds of Rs 65 million for payment of the compensation of damages for Lower Topa Bazar instead of compensation of land because the construction work at site was stuck up by land affectees due to possession of land and built up structures.

Audit observed that, on the request of the Project Director, the Chairman NHA granted approval for release of Rs 65.00 million to

accommodate the affectees of the damaged structures. The amount was disbursed amongst the affectees outside the ROW without having assessment of damages to the structure or announcement of any Award.

Audit is of the view that the payment without assessment of damages and announcement of Award was irregular.

Audit pointed out the irregularity in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that compensation of damages of Rs 65 million was paid by the LAC to the affectees within the ROW after having proper assessment of the structures without announcement of the Award with the approval of Chairman NHA. DAC directed to conduct a Fact-Finding inquiry to fix the responsibility of payment without announcement of Award since 2011.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that matter be investigated for fixing responsibility of payment without announcement of Award.

(Para 160)

#### **4.2.8 Loss due to change in category of land and rate - Rs 37.459 million**

Para 4.5(1) of NHA Standard Operating Procedure, 2000 provides that great care must be exercised in the assessment and payments of compensation. The Project Director and LAC should ensure that awards should be based on transparent process and the cost of land being not commensurate with real market value by manipulating the yaksalas, etc. The price of land is comparable to similar kind of land in the same revenue estate (Mahaal). Para 14 of NHA Code (Chapter-7 Land Acquisition) provides that the Project Director or his representative shall



keep close liaison with Land Acquisition Collector or his staff at all stages of acquisition, especially at the time of assessment of compensation for damages and price of land and shall argue his views before the competent authorities. He shall also put his signature along with that of the LAC on all the awards.

Para-8 of Standard Operating Procedure further provides that PD/Director/DD/AD (LM & S) shall be responsible to file reference under Section-18 of Land Acquisition of Act 1894 if they deem that the rates awarded / fixed by LAC/BoR were on higher side.

Audit noted that land was acquired by the Zonal Land Officer NHA Karachi through Land Acquisition Officer, Sehwan Sahrif under Section 4 & 6 of Land Acquisition Act 1894. Audit further noted that rates of land were announced by the LAO vide notification No. 390 of 2012 dated 3<sup>rd</sup> May, 2012 declaring category of land as “agriculture” @ Rs 400,000 per acre, non-agriculture @ Rs 300,000 per acre and Urban areas @ Rs 200 per sft.

Audit observed that the payment of land falling in Deh Sehwan was awarded at urban rates of Rs 200 per sft instead of agricultural land rate @ Rs 400,000 per acre. Audit further observed that land measuring 203,643 sft in Deh Sehwan was acquired out of which, 162,240 sft land was paid @ Rs 200 per sft for Rs 39,262,080 without proving the status of land / documentary evidence regarding that the land falls in urban area.

NHA Land Management did not take up the matter with the LAC concerned about application of urban rates instead of agriculture. Due to change in category of land from agriculture to urban land, the Authority was put to a loss of Rs 37,459,150.

Audit is of the view that loss occurred due to non-adherence to the land acquisition procedure of NHA Code and standard operating procedure which reflects weak internal and financial control.

The loss was pointed out in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that amount was placed at the disposal of AC/LAO who passed the Award treating the land as Urban. However, in this regard, a reference had been filed in the Court. The DAC pended the para as the matter was subjudice.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that matter be pursued actively in court of law. The matter be also taken up with Provincial Government for further investigation.

(Para 21)

#### **4.2.9 Overpayment due to change of rates - Rs 36.357 million**

As per Para 4.5(1) of NHA Standard Operating Procedure, 2000, great care must be exercised in the assessment and payments of compensation. The PD and LAC should ensure that awards should be based on transparent process and the cost of land being not commensurate with real market value by manipulating the yaksalas etc. The price of land is comparable to similar kind of land in the same revenue estate. Para 14 of NHA Code Chapter-7 Land Acquisition provides that the Project Director or his representative shall keep close liaison with Land Acquisition Collector or his staff at all stages of acquisition, especially at the time of assessment of compensation for damages and price of land and shall argue his views before the competent authorities. He shall also put his signatures along with that of the LAC on all the awards.

Audit noted that EDO Revenue/Collector Jhal Magsi passed an Award under Land Acquisition Act 1894 on 07.06.2009 for Rs 368.812 million for Gwadar-Ratodero Road Project, Khuzdar-Shahdadkot Section-4 Package-v, (Quba Saeed Kahn Wangu Hill).

Audit observed that amount of compensation of land for three (3) Mouzas was extraordinarily enhanced and released by EDO Jhal Magsi applying flat rate of Rs 450,000 per acre for all kind of land. Audit further observed that the EDO changed the rates already fixed by him in the demand of tentative amount on 07.06.2008 wherein, different rates were declared for each kind of land. The deviation from approved rates resulted in overpayment of Rs 36.357 million.

The overpayment was pointed out in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA informed the Committee that the Collector enhanced the land rates to Rs 450,000 per acre of all kind of land irrespective of category of the land. In this regard, a reference against the Award passed by EDO (Rev) Jhal Magsi had been filed under Section 18 of LAA, 1894 which is pending for adjudication before the High Court of Balochistan, Sibi Bench. The DAC pended the para as the matter was subjudice.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that matter be pursued actively in court of law. The matter be also taken up with Provincial Government for further investigation.

#### **4.2.10 Un-verifiable expenditure due to non-availability/maintenance of record - Rs 34.132 million**

Para 4.5(1) of NHA Standard Operating Procedure, 2000 provides that great care must be exercised in the assessment and payments of compensation. The PD and LAC should ensure that Awards should be based on transparent process and the cost of land being not commensurate with real market value by manipulating the Yaksalas etc. The price of land is comparable to similar kind of land in the same revenue estate (Mahaal).

Chapter 7 (5) of NHA Code denotes that on receipt of Design Drawing and after demarcation of alignment, the Land Acquisition Collector shall request the Deputy Commissioner/Collector of the District for assistance in acquiring the land required by the National Highway Authority for public purpose. The Land Acquisition Collector and his staff shall collect the revenue record (Jamabandi-Aks Shajra etc) and submit the draft notification for approval and publication in the Govt. Gazette. Funds availability certificate from General Manager, (Region)/Project Director shall be appended with the notification.

Audit noted that Deputy Director (L&S) NHA, Quetta made advance payment of Rs 34.132 million to District Revenue Officer/Collector, Quetta for disbursement to the land affectees of New Baleli Bridge Road (N-25).

Audit observed that the following record was not made available in the office of the Deputy Director (L&S) Quetta to ascertain the authenticity of the land affectees. This resulted in un-verifiable expenditure of Rs 34.132 million.

1. Authentic and verified ownership documents supported with Aks Shajra.
2. Verified site map showing exact measurements of land utilized in construction of bridge/approach roads.
3. Field Book showing exact measurements of land with reference to Khasra number.
4. Rates approved by the Board of Revenue, Government of Balochistan.
5. Opinion/Comments of the Regional Assistant Director (Legal) and concerned General Manager.
6. Khasra Gardawari duly verified by the LAC/concerned Revenue Officer indicating ownership.
7. Vouched account showing payment to the affectees.

Audit is of the view that record was not maintained due to inadequate mechanism of enforcing financial and administrative controls.

The un-verifiable expenditure was pointed out in January-February, 2017. The Authority replied that all documents were available. The reply was not tenable as the record was not made available to Audit.

The matter was discussed in DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that all the documents were available in record.

Audit contended that during verification of record produced on 13<sup>th</sup> October, 2017 it was observed that the Deputy Commissioner / Collector while passing the Award, enhanced the land rates to Rs 399 per sq ft. NHA has filed a reference under Section 18 of LAA, 1894 against the Award before Referee Court. Further, payment to DC / Collector was withheld by NHA. DAC directed the NHA to pursue the Court case actively for finalization of the matter.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends active pursuance of the court case for early finalization of the matter and holding of departmental inquiry.

(Para 48)

#### **4.2.11 Overpayment due to improper assessment of fruit trees - Rs 15.646 million**

According to Sub-section (1) of Section 25 of land Acquisition Act, 1894 (Rules as to amount of compensation), when the applicant has made a claim to compensation, pursuant to any notice given under Section 9, the amount Awarded to him by the Court shall not exceed the amount so claimed.

As per clarification issued by Ayub Research Institute, Faisalabad vide Notification No.502/16-155 dated 18.02.1981, Kino and Guava plants in one acre be 90 plants.

Audit noted that compensation for fruit trees was included in the Award announced by the Land Acquisition Collectors Haripur, Toba Tek Singh and Ferozwala.

Audit observed that the rates, quantity of trees/yield of Guava and Kino trees were assessed more than the standards notified by the Ayub Research Institute, Faisalabad/Agriculture Extension Department, Haripur. Excessive yield and per acre quantity resulted in overpayment to the owners involving Rs 15.646 million, as calculated below:

<b>S. No.</b>	<b>Para No.</b>	<b>Fruit Tree</b>	<b>Amount (Rs in million)</b>
1.	98	Guava	5.762
2.	133	Kino	4.109
3.	137	Guava	5.775
<b>Total</b>			<b>15.646</b>

Audit is of the view that the unjustified payment occurred due to non-adherence to the standards and provisions of the Land Acquisition Act, 1894, weak internal and financial controls.

Audit pointed out the overpayment in December 2016. The Authority replied that the assessment was totally based on the assessment criteria of concerned agriculture department which fulfilled the feasibility of fruit planting with its proper gaps between each tree.

The reply was not accepted because according to the Pakistan Agriculture Research Council, the appropriate distance between two plants should be 6 meters. Further, the yield of a young plant be about 60 to 100 kilograms.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that as per policy, rules and regulations, payment of fruit trees is always made on actual basis instead of calculation as per formula. Payment of fruit trees was made as per actual number of trees at site counted by the Committee comprising of officials of District Administration, Agriculture and NHA. Audit contended that the number of trees indicated in counting was against the clarification of the Ayub Research Institute, Faisalabad.

DAC directed the Authority to constitute a Fact-Finding Committee to conduct inquiry on the issue. DAC further directed to take up the matter with Agriculture Research Council for clarification.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends early compliance of DAC's directive.

(Para 98, 133 & 137)

#### **4.2.12 Overpayment due to excess measurement of on road land - Rs 11.307 million**

As per Para 6 of Chapter 2 of Standing Operating Procedures (SOP) for land acquisition of Peshawar Karachi Motorway (PKM) PD/Director/AD (LM&S), there is no leftover/missing/excess land notified in Award. They will also be required to get confirmation in writing from concerned LAC/LAO that no land is leftover, missing/excess notified and/or incorporated in Award. They shall also be responsible to bring such issue immediately in the notice of GM (EALS) and Member (PKM) if, such confirmation/clarification is not received from LAC/LAO.

As per Para 2 of Minutes of the meeting of District Price Assessment Committee (DPAC) held in August 2014 under the chairmanship of District Coordinator Officer/District Collector, Toba Tek Singh, on road land was to be measured upto 50 feet back from the road.

Audit noted that different rates were approved for Off Road and On Road land in Tehsil Toba Tek Singh, Jaranwala and Pirmahal as detailed below:

S. No.	Mouza No.	Area Off road		Off road rate per acre	Area on road		On road rate per acre (Rs)
		Kanal	Marla		Kanal	Marla	
1.	264/GB	40	16	1,500,000	14	18	3,350,000
2.	256/GB	284	18	2,200,000	51	18	2,800,000
3.	287/GB	330	11	1,400,000	113	17	1,800,000
4.	323/GB	60	04	900,000	23	17	1,000,000
5.	689/GB	222	06	1,200,000	13	12	1,300,000
6.	690/GB	231	04	1,200,000	16	09	1,300,000
7.	693/GB	352	15	1,050,000	35	11	1,150,000
8.	696/GB	237	05	700,000	23	19	800,000

Audit further noted that as per decision of the District Price Assessment Committee (DPAC) if, the Mouza exists on the road, the area on road comes to 7.5 kanal.

Audit observed that in the above noted cases, the on-road area was measured in excess than approved by the Committee. This resulted overpayment of Rs 11.307 million, as calculated below:

Mouza No.	Area on road		On road rate per acre (Rs)	Off road rate per acre (Rs)	Difference of rate per acre (Rs)	Excess area in kanals	Overpaid amount (Rs)
	Kanal	Marla					
264/GB	14	18	3,350,000	1,500,000	1,850,000	7.4	1,711,250
256/GB	51	18	2,800,000	2,200,000	600,000	44.4	3,330,000
287/GB	113	17	1,800,000	1,400,000	400,000	106.35	5,317,500
323/GB	23	17	1,000,000	900,000	100,000	(23.85-7.5) =16.35	204,375
689/GB	13	12	1,300,000	1,200,000	100,000	6.1	76,250
690/GB	16	09	1,300,000	1,200,000	100,000	8.95	111,875
693/GB	35	11	1,150,000	1,050,000	100,000	28.05	350,625
696/GB	23	19	800,000	700,000	100,000	16.45	205,625
<b>Total</b>							<b>11,307,500</b>

Audit is of the view that the overpayment resulted due to non-adherence to the decision of the District Price Assessment Committee and Land Acquisition Act, 1894, weak internal and financial controls.



Audit pointed out the overpayment in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that the District Price Assessment Committee (DPAC) is the competent forum for recommendations of rates of land to be acquired for the project. The Committee is responsible to recommend rates as per nature of land, category, commercial value, location and importance of vicinity of land. Hence, the rate of land has been assessed as per their rules and laid down criteria. Board of Revenue, Punjab had approved the rates of land on the recommendation of DPAC. DAC was not convinced and directed the Authority to constitute a Fact-Finding Committee to conduct inquiry on the issue.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends assessment of land compensation as per rules to avoid revenue losses and recovery from the persons responsible.

(Para 126, 145)

#### **4.2.13 Overpayment due to incorrect calculation of shares of the affectees - Rs 9.341 million**

According to Section 6 (4) of Land Acquisition Act, 1894, when the area in respect of which the said declaration is made is less than the area previously notified under sub-section (1) of section 4, such previous notification, so far as it relates to the excess area, shall be deemed to have been superseded by the said declaration. As per section 25 (Rules as to amount of compensation) (1), when the applicant has made a claim to compensation, pursuant to any notice given under section 9, the amount Awarded to him by the Court shall not exceed the amount so claimed.

Audit noted during scrutiny of land record relating to E-35, Burhan that Award for acquisition of 122 Kanal and 18 Marlas land in Mouza Ali Khan, Tehsil & District Haripur was announced on 7<sup>th</sup> October, 2011. The Award was reviewed on 17<sup>th</sup> October, 2011.

Audit observed that share of land affectees and structure in the Khasras No. 1101/1, 1106/1, 1051/1, 1085/1, 1107/1, 1105/1, 1084/1, 1083/1, 1086/1, 1094/1,1052/1, and 1051/1 was calculated and paid in excess of the Award announced. The payment was made due to miscalculation of shares/co-shares of the affectees on acquaintance roll without Jamabandi and against the proportion to the total area of the Khewat/Khasras in register of Haqdaran-e-Zameen for Rs 9,340,615. This resulted in overpayment of Rs 9.340 million.

Audit is of the view that the overpayment resulted due to non-adherence to the Land Acquisition Act, 1894, ineffective implementation of internal and financial controls.

Audit pointed out the overpayment in January-February, 2017. The Authority replied that Halqa Patwari of Revenue, Haripur advertently made double payment to the co-sharers through amended Acquittance Roll. Accordingly, the LAC concerned brought the matter in the notice of Deputy Commissioner/District Collector, Haripur on 21<sup>st</sup> May, 2013. Strict disciplinary action against the Patwari concerned has been recommended as well as recovery of the paid amount from the co-sharers.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that Halqa Patwari, Haripur made double/excess payment to the co-shares through amended Acquittance Roll. Accordingly, the LAC concerned has brought the matter in the notice of Deputy Commissioner/ District Collector, Haripur on 21.05.2013. Recovery of Rs 0.291 million has so far been effected from different landowners. Efforts were being made to effect balance recovery. DAC directed the Authority to get verified the record of the recovery effected and efforts be made to make recovery of balance amount.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit stresses early compliance of DAC's directive.

(Para 61)

#### **4.2.14 Overpayment due to unjustified revision of assessed rates of structures - Rs 1.257 million**

According to Section 12 (1) & (2) of the Land Acquisition Act, 1894 regarding Award of Collector when to be final provides that:

- 1) Such Award shall be filed in the Collector's office and shall, except as hereinafter provided, be final and conclusive evidence, as between the Collector and the persons interested, whether they have respectively appeared before the Collector or not, of the true area and value of the land, and the apportionment of the compensation among the persons interested.
- 2) The Collector shall give immediate notice of his Award to such of the persons interested as were not present personally or by their representatives when the Award is made.

As per 12-A (Correction of mistake), any clerical or arithmetical mistake in the Award arising therein from any accidental slip or omission may, at any time, be corrected by the Collector either of his own motion or on the application of any of the parties.

As per item 8 of Chapter-2 of Standard Operating Procedure (SOP) for land acquisition issued by Land & Social Section, EALS Wing, National Highway Authority (NHA), Project Director/DD (LM&S) shall be responsible to file reference under Section 18 of Land Acquisition Act, 1894 if, they deem that the rates Awarded/fixed by LAC/BOR are on higher side.

Audit noted that Award No. 01/2015 under Section 11 of Land Acquisition Act, 1894 was announced by Land Acquisition Collector NHA in respect of Acquisition of land for the construction of Habibabad Flyover Bridge RD 1168-69 (N-5) Tehsil Pattoki, District Kasur measuring 251 kanals and 12 marlas. The land Award includes cost of Rs 1.620 million on account of structures of Taiba Colony.

Audit observed that Notification under Section 4 of LAA, 1894 was published on 4<sup>th</sup> September, 2014. Compensation of building/ structures was assessed originally by the Building Division, Communication & Works Department, Government of the Punjab for Rs 362,800 on 22<sup>nd</sup> February, 2014. Audit further observed that the cost of structures assessed on 22<sup>nd</sup> February, 2014 was revised/increased due to change of Right of Way (ROW) of the flyover bridge on 4<sup>th</sup> August, 2014 to Rs 1,620,000 by revision of already approved rates of structures. Audit considers that only quantity/ area of structures can be changed due to realignment of ROW but rates already approved and decided while assessment of structures cannot be changed. This unjustified revision of rates of structures of Taiba Colony resulted in overpayment of Rs 1.257 million (Rs 1,620,000 - Rs 362,800).

Audit is of the view that the overpayment resulted due to non-adherence to the provisions of Section 18 of Land Acquisition Act, 1894, poor monitoring system and internal controls.

Audit pointed out the overpayment in December 2016. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that assessment of structures was carried out through Provincial Building Department. Award of additional land measuring 04 Kanal and 17 Marla was announced due to change of alignment. The site of newly proposed area was visited by the Project Director along with the team of Building Department. Revised estimate of structure was submitted by Building Sub-Division Pattoki to Project Director. The assessment was made @ Rs 350 per Sq. Ft. to Rs 650 per Sq. Ft. which was very economical and on lower side.

Audit informed the Committee that revised assessment was made by the same SDO of the Pattoki Sub-Division who increased the rates by 100% of the same structures with additional cost of road of Rs 654,083. DAC directed General Manager (Punjab-North) to constitute a Fact-Finding Committee and submit report to Audit within one month.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that matter be investigated for fixing of responsibility for violation of procedures and action may be initiated towards recovery of the overpaid amount.

(Para 119)

#### **4.2.15 Payment in excess of Award amount - Rs 2.804 million**

(A) According to Section 49 (1) (Acquisition of part of house or building) of Land Acquisition Act 1894, the provision of this Act shall not be put in force for the purpose of acquiring a part only of any house, manufactory, or other building, if the owner desires that the whole of such house, manufactory or building shall be so acquired provide that the owner may, at any time before the Collector had made his Award under Section 11, by notice in writing withdraw or modify his expressed desire that the whole of such house or building shall be so acquired.

As per SOP, Para 4.7, the Regional Director (LM&IS) shall countersign each advice issued by LAC to District Treasury after checking the genuineness of record and correctness of the affectees at his full satisfaction. Upto 20% random check of the affectees through personal audience by Director (LM&IS)/PD is obligatory before and after payment of compensation.

Audit noted that the Assistant Agriculture Engineer (Well Drilling) Sheikhpura made assessment of 50 Tube Wells amounting to Rs 3.062 million.

Audit observed that the Land Acquisition Collector Sharqpur District Sheikhpura incorporated Rs 4.207 million for the said Tube Wells instead of Rs 3.062 million. Audit further observed that total 22 Awards were announced, and correction slips were issued but correction for compensation of tube wells in 14 awards were not made in the

correction slips. This resulted in payment in excess of Award of Rs 1.145 million.

<b>S. No</b>	<b>Award No.</b>	<b>Award Amount (Rs)</b>
1	1	193,001
2	4	48,948
3	5	57,263
4	6	98,505
5	7	107,737
6	8	54,124
7	10	420,397
8	11	179,132
9	16	36,543
10	17	251,000
11	19	276,760
12	20	1086,003
13	21	467,968
14	22	381,013
<b>Total</b>		<b>36,583,94</b>
<b>Add 15%</b>		<b>548,760</b>
<b>Total with 15%</b>		<b>4,207,154</b>

Audit is of the view that compensation of tube wells was made to the affectees due to non-adherence to the Land Acquisition Act, 1894, ineffective implementation of internal and financial controls.

Audit pointed out the excess payment in December 2016. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2016. NHA informed the DAC that the matter had been communicated to the LAC concerned for taking a prompt action and early recovery. The DAC directed the Authority to effect recovery at the earliest and get it verified from Audit.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends that recovery be made at the earliest.

(Para 146)

**(B)** Para 4.5(1) of NHA Standard Operating Procedure 2000 provides that great care must be exercised in the assessment and payment of compensation. The PD and LAC should ensure that Awards should be based on transparent process and the cost of land being not commensurate with real market value by manipulating the Yaksalas, etc. The price of land is comparable to similar kind of land in the same revenue estate (Mahaal).

As per Para 14 of Chapter 7 (Land Acquisition) of NHA Code, the Project Director or his representative shall keep close liaison with Land Acquisition Collector or his staff at all stages of acquisition, especially at the time of assessment of compensation for damages and price of land and shall argue his views before the competent authorities. He shall also put his signatures along with that of the LAC on all the Awards.

Payments of compensation shall be made carefully to the real affectees after production of necessary proof of ownership. All payments of damages must be authenticated by the PD, RE and LAC jointly and disbursement through double signatures on the vouchers/invoices vide Para 4.6(1) of SOP.

As per Section 11 of Land Acquisition Act, 1894, Land Acquisition Collector shall make an Award for acquiring true area of land and cost of damages occurred due to acquisition of land as per assessment of losses.

Audit noted that land measuring 06 acres and 29 Ghunta was acquired from Mr. Ghulam Shabbir S/o Allah Yar Khan of Deh Mando dero, Tehsil Rohri District Sukkur for Peshawar-Karachi Motorway (PKM: Multan-Sukkur section) through Award No.6 under Section 11 of Land Acquisition Act, 1894. Audit further noted from Voucher No. 85,

that payment of Rs 12,352,695 was made to the affectee against Survey No. 256, 924 and 587.

Audit observed from the detail of payment of Award No. 06 that compensation of land and crops was paid for Rs 12,352,695 against actual payable amount of Rs 10,805,946 against Survey No. 256, 924 and 587 as calculated as under:

S. No	Survey No.	Land acquired (Ghuntas)	Rate Amount	Land amount	15% CAC	Land cost	Crop	Crop amount	Total (Rs)
1.	256	131	32,500	4,257,500	638,625	4,896,125	Sugar cane	536,445	5,432,570
2.	924	01	32,500	32,500	4,875	37,375	Cotton	1,563	38,938
3.	587	137	32,500	4,452,500	667,875	5,120,375	Cotton	214,063	5,334,438
<b>Total</b>		<b>269</b>		<b>8,742,500</b>	<b>1,311,375</b>	<b>10,053,875</b>		<b>752,071</b>	<b>10,805,946</b>

This resulted in overpayment of Rs 1,546,749 (Rs 12,352,695 - Rs 10,805,946).

Audit is of the view that the overpayment was made due to non-adherence to the provisions of Award under Land Acquisition Act, weak internal and financial controls.

Audit pointed out the overpayment in December 2016. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA informed the Committee that according to report of Mukhtiarkar (Revenue), Rohri that the Survey Nos. 256, 924 & 587 coming in ROW of Peshawar-Karachi Motorway Project belongs to Category-A as per characteristics explained in Award. Correction in category and subsequent change in rates was made under Section 12-A of Land Acquisition Act, 1894.

Audit contended that as per Section-12 (A), only any clerical or arithmetical mistake in the Award arising therein from any accidental slip or omission may be corrected by the collector either of his own motion or on the application of any of the parties. Correction slip was issued after expiry of considerable period changing category and rate of the land



without mentioning reasons. DAC directed the Authority to constitute a Fact-Finding Committee and submit report to Audit within one month.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends investigation in the matter for fixing responsibility of addition of land and structures through correction slips.

(Para 90)

### **4.3 Performance**

#### **4.3.1 Non-mutation of land in the name of NHA - Rs 9,170.172 million**

According to item 10-11 of Chapter-2 of Standard Operating Procedure (SOP) for land acquisition of Karachi-Lahore Motorway (KLM) dated June, 2014 issued by Land & Social Section, EALS Wing, NHA, Project Director/DD (LM&S) shall be responsible for timely mutation of land in the name of NHA. The commencement of mutation process will be ensured by the NHA officers and LAC within thirty days of the announcement of Award by LAC/LAO and shall keep the land acquisition and mutation record of each village/Deh in separate form and maintain scanned copies of land acquisition and mutations.

Audit noted that agriculture land measuring 82,433 Kanal and 16 Marla in Districts of Multan, Quetta, Rahimyar Khan, Bahawalpur, Sukkur, Peshawar, Attock, Panjgur, Gwadar, Kalat, Qila Abdullah, Karachi, M-4, Sheikhpura, Nankana, Faisalabad, Toba Tek Singh and Khanewal had been shown acquired for various projects of NHA.

Audit observed that NHA failed to get mutated the land measuring 61,320 Kanal 10 Marla valuing Rs 9,170.172 million in the name of NHA upto January 2017. This resulted in non-mutation of land of Rs 9,170.172 million, as detailed below:

S. No	Para No.	Tehsil/District	Detail of Land acquired		Detail of un-mutated land		Value of un-mutated land (Rs)
			Kanals	Marlas	Kanals	Marlas	
1.	34	Jalalpur Pirwala	4,738	-	3,041	10	379,654,860
2.		Sadar, Multan	2,780	12	780	-	271,400,352
3.		Shujaabad	5,352	19	2,362	11	457,299,934
4.	23	Qila Abdullah, (Military Estate)	113	09	113	09	101,010,000
5.	32	Liaquatpur	7,128	15	5,385	11	430,385,343
6.		Rahimyar Khan	9,233	14	9,233	14	1,449,719,375
7.		Sadiqabad	9,124	4	604	18	113,040,687
8.	33	Panoaqil	5,928	-	3,448	-	1,796,863,000
9.		Rohri	3,952	-	1,152	-	
10.		Ubaro	4,344	-	3,064	-	
11.		Ghotki	10,672	-	10,272	-	
12.	35	Ahmadpur	7,967	-	6,921	-	903,639,249
13.	36	Hargoni	-	-	-	-	30,339,167
14.		Kukar	-	-	-	-	16,452,664
15.		Kukar	-	-	-	-	4,768,400
16.		Badh Summer Bagh	-	-	-	-	234,600
17.		Nachapa Bala	-	-	-	-	1,529,002
18.	37	Haripur	-	-	-	-	5,983,257
		Haripur	-	-	-	-	510,432
19.		Abbottabad	-	-	-	-	43,073,527
20.	39	Quetta, Tehsil Sadar, Village Chasma Baleli	-	-	92	9	16,265,576
21.		Qilla Abdullah four bridge	-	-	50	18	3,425,750
22.		Qilla Abdullah Toll Plaza	-	-	97	19	2,238,187
23.		Killa Abdullah, Chaman Bypass	-	-	112	6	101,010,00
24.		Kuchlak Bypass N-25	-	-	983	13	294,030,000
25.		Kalat Toll Plaza N-25	-	-	30	-	1,875,000
26.		Pishin (Ziarat Cross to Khanozai Road Project) Tehsil Karezat	-	-	308	6	59,310,000

S. No	Para No.	Tehsil/District	Detail of Land acquired		Detail of un-mutated land		Value of un-mutated land (Rs)
			Kanals	Marlas	Kanals	Marlas	
27		Zhob Tehsil Murgha Kibza	-	-	1,064	13	6,885,092
28		Panjgur Tehsil Gawargo & Panjgur (Un-settled Land)	-	-	98	7	78,786,560
29		Washuk, Tehsil Washuk/Basima	-	-	7,100	9	106,035,390
30		Kamber Shahdad Kot Tehsil Kabo Saeed Kahn	-	-	2,430	12	97,246,875
31	40	Karachi	-	-	-	-	1,255,880,000
32	113	M-4, Extension Section (Khanewal-Multan)	11,080	383	1,660	65	199,431,698
33.	135	Ferozwala	-	-	-	-	148,237,034
34		Sharqpur	-	-	-	-	250,473,445
35		Nanaka	-	-	-	-	151,071,023
36		Jaranwala	-	-	-	-	56,562,722
37		T.T.Singh	-	-	-	-	90,088,876
38	151	Dhamka	-	-	381	5	151,153,788
		Member Wala	-	-	166	12	36,652,481
		Naranjni	-	-	158	19	59,648,325
		Qila Ghouse	-	-	201	15	98,869,825
<b>Total</b>							<b>9,170,172,506</b>

Audit is of the view that land was not mutated due to non-adherence to the provisions of Standard Operating Procedure of land, inadequate oversight mechanism and ineffective implementation of internal controls.

Audit pointed out the non-mutation of land January-February, 2017. The Authority admitted the Audit observation and promised to get mutated the land at the earliest.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. The DAC reduced the amount of the Para to Rs 4,871.996 million, as detailed below:

<b>Para No.</b>	<b>Land Awarded (Kanal)</b>	<b>Land mutated (Kanal)</b>	<b>Remaining land (Kanal)</b>	<b>Amount (Rs)</b>
23	113.37	0	113.37	101.010
32	28,710.00	27,949.92	760.08	94.593
33	24,896.00	6,960.00	17,936.00	1,796.863
34	15,220.88	11,261.04	3,959.84	829.494
35	7,967.00	7,967.00	0	0
36	433.07	396.07	37.00	36.871
37	409.08	203.18	205.90	43.073
39	12,369.60	2,078.06	10,291.54	554.275
40	24,811.00	0	0	1,255.880
113	11,080.00	10,280.00	800.00	159.937
135	40,548.05	40,548.02	0	0
151	908.53	908.53	0	0
<b>Total</b>	<b>167,466.58</b>	<b>108,551.82</b>	<b>34,103.73</b>	<b>4,871.996</b>

Audit recommends early mutation of remaining land in the name of NHA besides improvement in the system.

(Para 23,32,33,34,35,36,37,39,40,113,135 & 151)

#### **4.3.2 Loss due to delay in remittance of compensation - Rs 45.668 million**

NHA Code Chapter 7 denotes that on receipt of Design Drawing and after demarcation of alignment, the Land Acquisition Collector shall request the Deputy Commissioner/Collector of the District for assistance in acquiring the land required by NHA for public purpose. The Land Acquisition Collector and his staff shall collect the revenue record (Jamabandi-Aks Shajra, etc.) and submit the draft notification for approval and publication in the Government Gazette. Funds availability certificate

from General Manager (Region)/Project Director shall be appended with the notification.

Audit noted that Deputy Director (L&S) NHA, Quetta made advance payment to the Deputy Commissioner/Collector District, Quetta through cheque No. 0346401, dated 19<sup>th</sup> August, 2013 of Rs 34.133 million against the demand dated 29<sup>th</sup> December, 2009 for acquiring land measuring 11 Rod 29 pol for Baleli Bridge Road (N-35). Later on, the Deputy Commissioner/Collector District, Quetta announced Award on 19<sup>th</sup> March, 2014 for the same area @ Rs 399.05 per sft.

Audit observed that the bridge was constructed by NHA in the year 2003-2004 on the private land without adopting the proceedings as required in Land Acquisition Act, 1894.

The affected land owners approached the Authority and Revenue Department, Quetta for payment of compensation. The EDO, Revenue, Quetta submitted his report on 4<sup>th</sup> June, 2003 with assessment of Rs 5,264,275.50 with request to remit the same to proceed for acquisition of land. The matter lingered on for want of clarifications. In December, 2009, the then EDO Revenue Collector Quetta again asked the Deputy Director (L&S), Quetta to expedite the case and remittance of tentative amount of land compensation to the tune of Rs 34.133 million but no action was taken by NHA for remittance of the fund. At last, on 20<sup>th</sup> August, 2013, the amount was remitted by the NHA to the Deputy Commissioner, Quetta for payment of land compensation. On 19<sup>th</sup> March, 2014, the Deputy Commissioner/Collector, Quetta announced the Award for the land with cost of Rs 50.952 million with the direction to NHA to remit balance amount of Rs 16.820 million.

Audit is of the view that due to delay in consideration of the claims of the affectees, Government exchequer had to bear burden of Rs 45.688 million (50.952 - 5.264).

Audit is of the view that the Authority suffered loss due to non-adherence to the rules and inadequate mechanism of enforcing financial and administrative controls.

Audit pointed out the loss in January-February 2017. The Authority replied that Baleli Bridge was constructed in the year 2003. At that time, NHA officials were of the view that the bridge had been constructed within the ROW of NHA. After construction of the bridge, the land owners approached the Court of Federal Ombudsman and Land Commissioners for compensation of their land. The NHA contested the cases and the cases were rejected by Federal Ombudsman and Land Commissioners. Thereafter, one of the affected land owner approached High Court of Balochistan by filing Constitution Petition (CP). During the proceedings of petition, the High Court of Balochistan issued directions to the Deputy Commissioner / Collector, Quetta to complete the land acquisition proceedings within two months. Thereafter, on the order of Honorable High Court of Balochistan Quetta, the demand of funds was processed for an amount of Rs 34.132 million. At the time of demand, efforts were made to fix the minimum rates of 2003-04. However, while passing award, the Collector / Deputy Commissioner enhanced the land rates. Therefore, the NHA filed Reference U/S 18 of LAA, 1894 against the enhancement of land rates. The affected land owner also filed Reference U/S 18 LAA for further enhancement of land rates. Both the references are pending adjudication before the District Judge, Quetta.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA informed the Committee that the matter is in the court of law. The DAC pended the para being subjudice.

Audit recommends active pursuance of court case.

(Para 53)

### **4.3.3 Undue retention of funds of land compensation - Rs 18.883 million**

According to Item No. 11 & 12 of Chapter 7 of NHA Code, the funds allocated for acquisition of land shall be distributed by the Finance Wing through General Manager of the Project / Region to the Land Acquisition Collectors of the project according to their requirements duly supported by detailed estimates and all relevant revenue record. GM (LM & IS) shall forward his monthly demand to Member (Finance) for his approval. The funds credited to the Land Acquisition Collector's account shall be treated as an advance. The LAC shall be responsible for rendering complete accounts and supporting documents on quarterly basis to the accounts section concerned for settlement of advance.

Audit noted that the DAO Dadu pointed out on 06.12.2016 that Voucher No. 85 dated 15.04.2016 for Rs 5,314,337 and Voucher No. 108 dated 12.04.2016 for Rs 13,568,230 were received in his office from Assistant Commissioner Mehar and Assistant Commissioner K.N.Shah respectively in favour of NHA. DAO had passed the bill with bank endorsement No. 1572 & 1573 dated 20.06.2016 but the same were not credited in the financial year 2015-16 being lapsed amount.

Audit observed that DAO further moved the case to AG Sindh, Karachi for necessary permission in the matter but AG Sindh also returned with the observation that necessary permission for Restoration / revalidation might be obtained from Secretary Finance Department Government of Sindh, Karachi. Audit further observed that credit of Rs 18.883 million was not traceable in the accounts record.

Audit is of the view that the amount was retained for a period of more than 04 years due to weak financial controls.

Audit pointed out irregular retention of funds in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that the case for transfer of balance funds to NHA by DC, Dadu is in process in Finance Department Government of

Sindh. Matter will be resolved as soon as possible, and Audit will be informed accordingly. DAC pended the Para till receipt of funds in NHA accounts.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends active pursuance of transfer of funds.

(Para 74)

#### **4.3.4 Increase of land through Correction Slips - Rs 9.261 million**

As per Section-12 of Land Acquisition Act 1894, such Award shall be filed in the collector's office and shall, except as herein after provided, be final and conclusive evidence, as between the collector and the persons interested, whether they have respectively, appeared before the collector or not, of the true area and value of the land, and the apportionment of the compensation among the persons interested. Section-12(2) provides that the Collector shall immediate notice of his Award to such of the persons interested as are not present personally or by their representatives when the Award is made.

As per Section-12(A), any clerical or arithmetical mistake in the Award arising therein from any accidental slip or omission may, at any time, be corrected by the Collector either of his own motion or on the application of any of the parties.

Audit noted that LAC, Kabirwala announced Award No.1 & 2 on 17<sup>th</sup> June, 2015 in respect of Chak No.6/DH and Chak No. 7/DH for 486 Kanal 06 Marla for Rs 115.119 million and Rs 46.495 million respectively for Construction of Motorway (Peshawar-Karachi Motorway) Section-III Khanewal-Lahore.

Audit observed that after expiry of one and half year, correction slips were issued on 28<sup>th</sup> December, 2016. In the correction slip, acquired land was increased from 486 kanal 06 Marla to 516 kanal 06 marla and 287 kanal 11 marlas to 307 kanal 02 marla without mentioning reasons.



Similarly, compensation of structure, crops, trees and fruit trees was also increased without recording reasons. Correction of Award under Section 12-A of the Land Acquisition Act, 1894 can only be issued for certain clerical or arithmetical mistake in the Award. This resulted in unauthorized payment of Rs 9.261 million. (6,114,779+3,146,504).

Audit is of the view that the irregularity occurred due to poor monitoring system and internal controls.

Audit pointed out the irregularity in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. The Authority explained that the Correction Slip had been issued in respect of affected land as per Land Acquisition Act, 1894.

Audit contended that as per Section-12 (A), only a clerical or arithmetical mistake in the Award arising therein from any accidental slip or omission may be corrected by the Collector either of his own motion or on the application of any of the parties. Correction slips were issued after expiry of about one and half year increasing land by 20 Kanal 09 Marla without mentioning reasons. DAC directed the Authority to constitute a Fact-Finding Committee and submit report to Audit within one month.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends investigation in the matter for fixing responsibility of addition of land and structures through correction slips.

(Para 124 & 127)

#### **4.4 Internal Control Weaknesses**

##### **4.4.1 Non-reconciliation of disbursed amount with Government Treasuries - Rs 11,923.712 million**

As per Para 6.3.4.1 of Accounting Policy and Procedures Manual, a monthly reconciliation of bank accounts is a necessary part of financial management and is also an effective measure for detecting and deterring fraud and irregularities.

Para 5(b) System of Financial Control and Budgeting (2006) provides that Principal Accounting Officer shall ensure that the funds allotted to a Ministry/Division etc. are spent for the purpose for which they are allotted. He should also ensure that the expenditure falls within the ambit of a grant or an appropriation duly authenticated. Expenditure in excess of the amount of grant as well as expenditure not falling within scope or intention of any grant or appropriations unless regularized by a supplementary grant will be treated as un-authorized. Moreover, Para 5(d) provides that the Principal Accounting Officer is responsible to ensure that payments are correctly classified, and departmental accounts are regularly reconciled every month.

Audit noted from the accounts record of land acquired for various NHA projects that funds of Rs 17,017.364 million were transferred to Government Treasuries for disbursement to the land owners on account of compensation of land, built up properties, trees, crops etc. Out of the transferred funds, the Land Acquisition Collectors disbursed a sum of Rs 11,923.712 million to the affectees leaving a balance of Rs 5,093.652 million.

Audit observed that Rs 11,923.712 million were shown disbursed upto December, 2016 on account of compensation of land, built up properties, trees and crops, as detailed below:

S. No.	Para No.	Name of Tehsil	Amount (Rs)	Disbursement (Rs)	Balance (Rs)
1	29	Shujaabad	1,447,759,408	1,060,795,581	386,963,827
2		Sadar, Multan	1,257,019,796	898,654,787	358,365,009
3		Jalalpur Pirwala	813,898,416	527,787,729	286,110,687
4	30	Liaquatpur	857,687,449	531,688,742	325,998,707
5		Khanpur	754,131,799	645,164,989	108,966,810
6		Rahimyar Khan	1,956,290,615	1,668,819,749	287,470,866
7		Sadiqabad	1,350,323,754	1,237,283,067	113,040,687
8	31	Abbottabad	2,892,520,980	322,179,705	2,570,341,275
9	112	Khanewal	171,892,083	171,685,002	207,081
10		Sadar, Multan	1,645,883,512	1,491,843,462	154,040,050
11	115	Habibabad flyover	114,300,000	90,503,779	23,796,221
12	117	M-4 Sec-I	240,007,418	235,557,100	4,450,318
13		M-4 Sec-II	901,168,876	868,961,146	32,207,730
14		M-4 Sec-III	1,865,541,819	1,565,338,711	300,203,108
15	159	IMDC	748,937,894	607,448,298	141,489,596
<b>Total</b>			<b>17,017,363,819</b>	<b>11,923,711,847</b>	<b>5,093,651,972</b>

Reconciliation of disbursed funds was required to be made every month and details of discrepancy if any noticed during reconciliation process were to be prepared. But, only total amount received, disbursed and balance was reported by the District Treasury Officers. Reconciliation of disbursement showing vouchers issued, passed by the Treasury Officers and presented in the Banks was not made. This resulted in non-reconciliation of disbursements of Rs 11,923.712 million.

Audit is of the view that the ineffective implementation of internal controls caused non-reconciliation of disbursement with the Government Treasuries.

The non-reconciliation was pointed out in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. The DAC reduced the amount of the Para to Rs 4,392.897 million and directed the Authority to complete remaining reconciliation as detailed below:

(Amount in Rs)

<b>Para No.</b>	<b>Amount disbursed</b>	<b>Amount reconciled</b>	<b>Balance</b>
29	2,487,238,097	0	2,487,238,097
30	4,082,956,547	3,445,175,030	637,780,970
31	322,179,705	322,179,705	0
112	1,663,528,464	1,663,528,464	0
115	90,503,779	90,503,779	0
117	2,669,856,957	1,401,979,317	1,267,877,640
159	607,448,298	607,448,298	0
<b>Total</b>	<b>11,923,711,847</b>	<b>7,530,814,593</b>	<b>4,392,896,707</b>

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends action against the responsible(s) of the non-reconciliation besides proper maintenance of receipt accounts and reconciliation to avoid chances of pilferage.

(Para 29, 30, 31, 112, 115, 117 & 159)

#### **4.4.2 Retention of funds more than Award amount - Rs 412.607 million**

According to Item No. 11 & 12 of Chapter 7 of NHA Code, the funds allocated for acquisition of land shall be distributed by the Finance Wing through General Manager of the Project/Region to the Land Acquisition Collectors of the project according to their requirements duly supported by detailed estimates and all relevant revenue record. GM (LM & IS) shall forward his monthly demand to Member (Finance) for his approval. The funds credited to the Land Acquisition Collector's account

shall be treated as an advance. The LAC shall be responsible for rendering complete accounts and supporting documents on quarterly basis to the accounts section concerned for settlement of advance.

Audit noted that NHA transferred funds of Rs 4,744,690,769 to Treasury offices on demand of LAC through various cheques for acquisition of land for Construction of Peshawar-Karachi Motorway, Section-III, Lahore to Khanewal. The LACs announced Awards in the districts of Sheikhpura, Nankana, Faisalabad and Khanewal for Rs 4,332,622,870 as detailed below:

S. No.	Name of District	Name of Tehsil	Fund Transferred (Rs)	Awarded Amount (Rs)	Balance in Treasury (Rs)
1.	Sheikhpura	Ferozwala	624,210,820	437,664,701	186546119
		Sharqpur	1,337,855,301	1,192,162,996	145,692,305
2.	Nankana	Nankana	1,040,966,143	1037,575,710	3,390,433
3.	Faisalabad	Jaranwala	1,091,372,785	1067,221,181	24,151,604
		Tandlianwala	401,680,356	397,033,023	4,647,333
4.	Khanewal	Kabirwala	248,605,364	200,965,259	47,640,105
	<b>Total</b>		<b>4,744,690,769</b>	<b>4,332,622,870</b>	<b>412,067,899</b>

Audit observed that 100% Awards have been announced and total Awarded amount is less than the funds transferred / deposited in the Treasuries. Thus, balance amount of Rs 412.067 million was required to be refunded to the NHA. The amount was lying in the Treasuries without requirement. This resulted in unauthorized retention of Rs 412.067 million.

Audit is of the view that the amount was retained unauthorizedly due to weak internal and financial controls.

Audit pointed out the irregularity in January-February, 2017. The Authority did not reply.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA apprised the Committee that as per general policy, the funds for land acquisition are transferred on lump sum basis. After

passing the Awards by the concerned LACs, the excess or deficient funds are re-appropriated from the total lump sum amount. In the instant case, remaining funds above than the Awarded amount shall be refunded to NHA HQ. The DAC directed to refund the amount retained more than the Awarded amount at the earliest and get it verified from Audit within seven days.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit stresses upon early adjustment of the funds more than the Award amount retained un-authorizedly.

(Para 148)

#### **4.4.3 Non-adjustment of advances for shifting of utilities/services - Rs 739.532 million**

As per Para-17 of Chapter-2 of SOP for land acquisition of PKM, the Project Director/Director/Deputy Director/Assistant Director (LM&S) shall be responsible to provide monthly reconciliation of funds to Member (PKM) and Member (PKM) will submit the reconciliation to Member Finance) & GM (EALS).

Audit noted that funds of Rs 1,650.00 million were provided for shifting of utilities in the approved PC-I of Land Acquisition of Affected Properties Compensation and Relocation of utilities for construction of 959 Km Karachi-Lahore Motorway (KLM/PKM).

Audit observed that General Manager (KLM) Abdul Hakeem-Lahore Section-III transferred funds of Rs 739.532 million to M/s FESCO, SNGPL, LESCO, NTDC, Pakistan Railways Lahore, etc as an advance for relocation of utilities/services. A huge amount of Rs 739.532 million which is 45% the total amount for shifting utilities of the project was paid in advance but adjustment had not been made. This resulted in non-adjustment of advances of Rs 739.532 million, as detailed below:

<b>S. No.</b>	<b>Department</b>	<b>Amount outstanding (Rs in million)</b>
1.	Faisalabad Electric Supply Co. (FESCO)	382.492
2.	National Transmission and Despatch Company (NTDC)	215.894
3.	Lahore Electric Supply Co. (LESCO)	63.554
4.	Public Health Engineering Division (PHE)	42.130
5.	Pakistan Railways	18.660
6.	Pakistan Telecommunication Co. Ltd (PTCL)	8.622
7.	Frontier Works Organization (FWO)	8.000
8.	Sui Northern Gas Pipelines Ltd (SNGPL)	0.180
<b>Total</b>		<b>739.532</b>

Audit pointed out the non-adjustment in January-February, 2017. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA informed the DAC that payment for shifting of utilities had been made to the Government Departments concerned as per actual work done at site.

Audit contended that estimated cost in advance based on Demand Notes issued by various agencies was paid which was required to be adjusted as per actual after shifting of utilities through vouched accounts. DAC directed the Authority to get vouched account from the concerned agencies for adjustment and get it verified from Audit.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends early adjustment of the advance.

(Para 134)

#### 4.4.4 Non-accountal and disposal of trees removed from ROW - Rs 3.499 million

Specification 102.2 of National Highway Authority provides that all trees to be removed shall be counted and an inventory prepared showing girth of the tree stem.

Audit noted that land was acquired for construction of Ghazi Interchange on Islamabad-Peshawar Motorway (M-1), and Kakar to Dhamrah Wah from WAPDA and private land owners through different Awards.

Audit observed that accountal of trees obtained from the land acquired was neither accounted for in the accounts record of NHA nor the trees were disposed of as per laid down procedure. Acknowledgement of land owners was also not available on record. Audit considers that trees worth Rs 3.499 million were mis-appropriated as calculated below:

S. No.	Para No.	No. of Trees	Approximate cost (Rs in million)
1.	96	339	2.294
2.	97	178	1.205
<b>Total</b>			<b>3.499</b>

Audit is of the view that the trees were mis-appropriated due to weak monitoring system and internal controls.

Audit pointed out the non-accountal in December 2016. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that the trees collected from the area were dumped at NHA camp office, Burhan under the supervision of security supervisor. As far as, the question of 256 trees is concerned, the same were handed over to the land owners on the spot. Hence, the landowners willingly accepted the same without demand of any sort of compensation. About WAPDA trees, the trees are still on ground being not falling in the



construction Zone / limits of the project. DAC directed NHA to provide accountal of trees in the NHA camp office and acknowledgement of the land owners regarding handing over of trees to Audit for verification within seven days.

The compliance of DAC's directive was not made till the finalization of this Audit Report.

Audit recommends early accountal and disposal of trees.

(Para 96 & 97)

#### **4.4.5 Non-indication of land measuring 5,017 kanals in Peshawar-Karachi Motorway Section-III (Lahore-Abdul Hakim)**

As per para 2 & 3, Chapter-7 of NHA Code, irrespective of the method to be ultimately adopted for acquisition of the land, the Project Director of each project for which the land is to be acquired, shall prepare detailed project design /drawings and define the public purpose of acquisition with full justification. He shall forward them along with complete details of the land coming in the ROW of the Authority, to the officer in charge of the Land Management Section/Wing located at the station, who shall in turn forward them for further necessary action as per this procedure to the Land Acquisition Collector/Officer concerned. The design/drawings must be comprehensive, covering all details of the project and entire land required for the project. Piecemeal acquisition shall not be undertaken as price of land acquired at a later stage may be many times higher.

PC-1 of "Land Acquisition Affected Properties Compensation and Relocation of Utilities for Construction of 959 Km Peshawar-Karachi Motorway (PKM)" was approved by ECNEC for Rs 51,000 million vide case No. ECNEC-47/06/14 dated 03.07.2014. The breakup of Rs 51,000 million is as under:

S. No.	Description	Total cost (Rs in million)
1	Land Acquisition	41,246.00
2	Damages Compensation	4,125.00
3	Shifting of utilities	1,650.00
<b>Total cost (A)</b>		<b>47,021.00</b>
<b>B: Overhead charges</b>		
4	NHA Establishment	940.00
5	Contingent charges	2,039.00
6	Compound interest	1,000.00
<b>Total overhead charges (B)</b>		<b>3,979.00</b>
<b>Total cost of project (A +B)</b>		<b>51,000.00</b>

Land acquisition for ROW for Section-III (Lahore-Abdul Hakeem) comes to 45,485 kanal as per details below:

ROW	100 meters	328 Ft
Length	230 Km (276-46)	754,400 Ft
Area for ROW	754,400 x 328/272 x 20	45,485 Kanal

Audit observed that the awards were announced for land measuring 40,468 kanal. Status of remaining land which comes to 5,017 kanal is unknown whether it is State Land, Evacuee Property or Missing affected persons. This resulted in non-indication of land measuring 5,017 kanal in Peshawar-Karachi Motorway Section-III.

Audit pointed out the issue in January-February, 2016. The Authority did not respond to the audit observation.

The matter was discussed in the DAC meeting held on 16<sup>th</sup> October, 2017. NHA explained that Awards of 40,548 Kanal and 04 Marla were issued while there was 3,979 Kanals and 08 Marlas of state land.

Audit informed the Committee that there is still difference of 957 Kanal and 06 Marlas which has not been traced out. DAC directed the Authority to provide complete detail of the land to Audit for verification.

Audit recommends early compliance to DAC's directive.

(Para 130)

## **5. CONCLUSION**

### **5.1 Key issues for the future**

- a. Proper evaluation of ownership documents be ensured to avoid misappropriation of land compensation on the basis of forged documents;
- b. In some cases, issuance of Awards was delayed after taking over possession of the land which caused extra expenditure in shape of compound interest;
- c. Despite payment of land compensation in advance, mutation of land was not made;
- d. The management should determine the causes of delay in acquisition of land after taking over possession, non-determination of cost of land in accordance with provisions of Land Acquisition of Act, 1894, acquisition of land beyond ROW, non-mutations of land in the name of NHA and take measures for remedy. The Authority should, therefore, take prompt action for enhancement of performance of the land management wing.

### **5.2 Lessons identified**

- a. Proper assessment of land and structure;
- b. Adherence to provisions of Land Acquisition Act, 1894 and all applicable rules;
- c. Implementation and strict compliance of the approved rates;
- d. Proper checks for all the payments made to the affectees;
- e. Proper evaluation and strengthening of internal controls.

## **ACKNOWLEDGEMENT**

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