REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2002

GOVERNMENT OF UTTARANCHAL

Table of Contents

CHAPTER – VI

REVENUE RECEIPTS

PARAGRAPHS

APPENDICES

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2002.

3. Chapters III, IV and V deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Departments and audit of Local Bodies and others.

4. Chapter VI deals with the audit findings on the revenue receipts from taxes on sales, trade etc., state excise, taxes on vehicles, land revenue, other tax receipts, mineral concession, fees and royalties and other non-tax revenue of the State Government.

5. Chapter VII deals with the audit findings on the commercial activities of companies and corporations of the State Government.

6. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2001-2002 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2001-2002 have also been included wherever necessary.

OVERVIEW

This Report includes two chapters containing audit observations based on the Finance and Appropriation Accounts of the Government of Uttaranchal for the year ended 31 March, 2002 and five other chapters containing 5 reviews and 25 paragraphs based on the audit of certain selected schemes, programmes and the financial transactions of the State Government. A synopsis of findings contained in the reviews and the more important paragraphs is presented in this Overview.

FINANCES OF THE STATE GOVERNMENT

- Revenue receipts (Rs. 2608 crore) constituted the most significant source of funds of the Government.
- The funds were mainly applied for revenue expenditure (Rs.2938 crore).
- Revenue receipts comprised tax revenue (Rs. 971 crore), non- tax revenue (Rs. 162 crore), States share of union taxes and duties (Rs. 151 crore) and grants-in-aid from the Central Government (Rs. 1324 crore). The main sources of tax revenue were Sales Tax (50 *per cent*) and State Excise (24 *per cent*). The non-tax revenue mainly came from Economic Services (72 *per cent*).
- Capital receipts comprised Rs.775 crore from Public Debt and Rs.5131 crore from the Public Account.
- Revenue expenditure accounted for 93 *per cent* of the total expenditure. Out of this, 83 *per cent* was utilized on non Plan expenditure.
- The sector wise analysis shows that the expenditure on General Services, Economic Services and Social Services was 36, 24 and 38 *per cent* of revenue expenditure respectively. 17 *per cent* of the revenue expenditure was utilized for interest payments.

[Paragraphs 1.4 to 1.6]

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Broadly, the following results emerge from Appropriation Audit:

- There was net saving of Rs. 72.14 crore in grants and appropriations being the result of overall savings of Rs. 1371.78 crore in 28 Grants partly offset by excess expenditure of Rs. 1299.64 crore in 4 grants.

- The excess expenditure amounting to Rs.229.54 crore in two voted grants and Rs. 1070.10 crore in one appropriation was required to be regularised under Article 205 of the Constitution of India.

- Rs 10.84 crore drawn under five major heads from the State Contingency Fund during the period from 1 April 2001 to 31 March 2002 remained unrecouped at the end of the year.

- In 37 cases, pertaining to 24 grants the expenditure fell short by more than Rs.1 crore each and also by more than 10 *per cent* of the total provision in each case.

[Paragraphs 2.1 to 2.3]

URBAN HEALTH SERVICES

The minimum needs Programme included the establishment of primary health centres in urban areas, preferably in slum areas, providing specialty treatments to urban people, expanding availability of indoor treatment to urban people by providing hospital buildings in selected districts and strengthening the infrastructural facilities in healthcare system. Some significant findings are as under :

- Allocation of funds was much lower than that recommended by Central Council of Health and Family Welfare (7 *per cent* of total plan outlay) ranging from 0.74 to 3.78 *per cent*.

- Irregular purchases of medicines worth Rs. 2.21 crore were noticed.

- From 1999-2000 to 2001-2002 there was a gradual decline in number of patients from 67 to 52 *per cent* (out-door) and from 7.45 to 5.76 *per cent* (in-door).

[Paragraph 3.1]

INDIRA AVAS YOJNA

A review of the implementation of Indira Avas Yojna (IAY) in Uttaranchal revealed that only about 19 *per cent* of families living below the poverty line (BPL) were covered in 5 years. The important findings are:

- Government of India deducted Rs. 9.61 crore from IAY funds for Nainital district as expenditure was below norms. This deprived 5067 families of the benefits under IAY.
- Targets were incorrectly fixed on the basis of total population instead of rural BPL families.
- Of the total 3,76,502 BPL families living in rural areas, 69,892 (19 *per cent*) only were covered during 1997-2002.
- 34 to 74 *per cent* of houses were not provided with smokeless *chullahs* and 34 to 85 *per cent* were without sanitary latrines.
- 5734 houses, costing Rs. 11.39 crore, were allotted to ineligible persons.

[Paragraph 3.2]

SWARNJAYANTI GRAM SWAROZGAR YOJNA (SGSY)

SGSY, a centrally sponsored scheme was to cover 30 *per cent* of rural families living below the poverty line (BPL) in 5 years (1999-2004), to bring them above the poverty line in three years by providing them income generating assets through a mix of bank credit and government subsidy. The main findings are highlighted below:

- Out of a total allocation of Rs. 39.56 crore during 1999-2000 to 2001-2002, Rs. 35.83 crore (91.03 *per cent*) was utilized but physical achievement was only 19.58 *per cent*.
- 24627 swarozgaris were assisted during 1999-2000 to 2001-2002, of whom 4526 (18.38 *per cent*) only were part of self help groups against a norm of 75 *per cent*.
- Of the individual swarozgaris assisted 38.72 *per cent* were SC/ST, 32.61 *per cent* women and 0.31 *per cent* disabled against the norm of 50,40 and 3 *per cent* respectively.
- Rs. 349.47 lakh of SGSY infrastructure funds were misused to meet the recurring expenditure on construction of buildings and roads, purchase of equipment and computerization of blocks, in violation of the scheme guidelines.

[Paragraph 3.3]

WORKING OF PUBLIC WORKS DEPARTMENT INCLUDING MANPOWER MANAGEMENT

A review of Public Works Department revealed that management of projects, finances and manpower was grossly inadequate and that PWD did not have basic road data relating to traffic density for fixing the priorities of widening and strengthening of roads. Some of the main issues are:

- Gross violation of financial rules was noticed, including diversion of funds (Rs. 3.12 crore) and violation and irregular utilisation of cash credit limit and fictitious booking of expenditure (Rs. 1.78 crore).
- There were delays in construction of roads ranging from 2 to 22 years, mainly due to non-acquisition/delayed acquisition of forest land.
- Extra expenditure of Rs.1.43 crore was incurred on excess consumption of bitumen during 2001-02.
- There was an extra liability of Rs. 2.43 crore per annum on retention of staff in excess of sanctioned strength.
- Twenty six to forty two divisions remained under-utilized to the extent of 25 to 100 *per cent* during 2000-2001 and 2001-2002.

[Paragraph 4.1]

IMPLEMENTATION AND PERFORMANCE OF SMALL AND MINI HYDEL PROJECTS IN UTTARANCHAL JAL VIDYUT NIGAM LTD.

Uttaranchal Jal Vidyut Nigam Ltd. (UVN) was established on 12 February 2001 as a wholly owned State Government company on bifurcation (9 November 2000) of the state of Uttar Pradesh. The main objectives of UVN were to establish/operate/maintain hydro-electric generating stations, tie lines, sub stations and connected transmission lines for promoting use of electricity within the state. Uttar Pradesh Jal Vidyut Nigam Limited completed 11 projects after a delay of 17 to 86 months at an increased cost of Rs. 49.58 crore. Nine projects were behind the schedule of completion by 3 to 116 months. The main findings are:

- In Belka and Babail projects (each of 3 MW), there were delays in acquisition of land, approval of drawings and start of work causing increase in the cost of the project as claims of Rs. 1.61 crore had to be admitted.
- Execution of project was marked by (i) extra expenditure of Rs 0.82 crore in earthwork, (ii) avoidable payment of Rs. 0.54 crore on extra

lead, (iii) loss of Rs. 4.96 crore due to under insurance, and, (iv) wasteful expenditure of Rs. 1.04 crore due to excessive earth cutting.

- There was shortfall in capacity utilization in nine completed projects, ranging between 3 and 61 *per cent* involving a shortfall in generation of Rs. 690.90 lakh units of energy. Against envisaged outage of 3 *per cent*, the actual outages were more and resulted in a loss of Rs.0.88 crore.

- Use of double circuit transmission line instead of required single circuit line resulted in infructuous expenditure of Rs. 1.53 crore, use of higher specification poles resulted in excess expenditure of Rs. 44 lakh and electrification of non-existent villages at a cost of Rs. 22 lakh.

- Mismanagement of activities further resulted in avoidable liabilities for refund of subsidy (Rs. 40.53 lakh), avoidable interest liability (Rs. 7.21 crore) and non-realization of energy sold (Rs. 10.90 crore).

[Paragraph 7.2]

UNFRUITFUL/INFRUCTUOUS/WASTEFUL/AVOIDABLE EXPENDITURE

- Expenditure of Rs. 19.69 lakh on establishment of blood bank at Chamoli became infructuous due to non-posting of staff for the last three years.

[Paragraph 3.6]

- Non utilisation of services of 33 Ayurvedic Medical Officers posted in Allopathic Hospitals of Districts Almora and Bageshwar due to the failure in providing medicines accounted for unproductive expenditure of Rs. 4.75 crore .

[Paragraph 3.7]

- Commencement of work without following essential procedures accounted for stoppage of construction midway after incurring an expenditure of Rs. 17.01 lakh and blocking of Rs. 43.17 lakh with the executing agencies for the last 5 to 14 years.

[Paragraph 3.9]

- Construction of Matha and Koti Chhatri canals by Irrigation Division, Kalsi at Ambari (Dehradun) without adequate geological survey of site and approval of detailed design and estimates resulted in unfruitful expenditure of Rs. 28.71 lakh.

[Paragraph 4.2]

- Diversion of Rs. 0.71 crore from the funds provided for improving Kailash Mansarovar Yatra road in district Pithoragarh left the work incomplete rendering the expenditure of Rs. 1.35 crore unfruitful as of date.

  [Paragraph 4.5]

- Due to low yield of crops, the Govind Ballabh Pant University of Agriculture and Technology, Pant Nagar (Uttaranchal) had to suffer a loss of Rs. 10.05 crore on its sale.

  [Paragraph 5.1]

- Computers purchased at a cost of Rs. 72.50 lakh by Project Director, District Rural Development Agency, Tehri Garhwal remained unutilized for want of trained teachers.

  [Paragraph 5.2]

- Selection of an unsuitable site and non-availability of Nagar Palika land led to unfruitful expenditure of Rs. 2.14 crore on extension of sewer line in Kashipur.

  [Paragraph 5.3]

NON REALIZATION/NON IMPOSITION/SHORT LEVY/NON LEVY OF TAX RECEIPTS

- Loss of excise revenue Rs. 64.46 lakh due to low production of alcohol by two distilleries at Kashipur and Bajpur in District Udhamsingh Nagar.

  [Paragraph 6.3]

- Loss of revenue Rs. 1.44 crore due to non levy of stamp duty by District Excise Offices Bageshwar, Champawat, Pauri and Rudra Prayag.

  [Paragraph 6.4]

- Loss of revenue Rs. 5.06 lakh due to non levy and non realization of additional tax by Regional Transport Office, Pauri.

  [Paragraph 6.6]

- Loss of revenue Rs. 6.13 lakh due to short levy of stamp duty by District Registrar, Udhamsingh Nagar.

  [Paragraph 6.7]

- Loss of revenue Rs. 3.05 lakh due to short levy of stamp duty by Sub. Registrar Ranikhet (Almora).

  [Paragraph 6.8]

MISCELLANEOUS POINTS OF COMMERCIAL ACTIVITIES

- Failure to have proper tie-up with the supplier on back to back basis by Uttaranchal Hill Electronics Corporation Ltd. resulted in non-execution of supply to DG S&D and loss of Rs. 12.98 lakh.

  [Paragraph 7.3.1]

- Electricity Distribution Division,Gopeshwar (Uttaranchal Power Corporation Ltd.) incorrectly billed a consumer contrary to the provisions of agreement that resulted in loss of Rs. 1.50 crore .

  [Paragraph 7.3.2]

IDLE INVESTMENTS

- Expenditure of Rs. 3.01 crore on construction of residential and non residential building at Roshanabad, Haridwar remained idle due to non-shifting of Police Lines.

  [Paragraph 3.5]

- Procurement of a heavy mobile crane at a cost of Rs. 27.55 lakh by Electrical/Mechanical Division, Rishikesh without ascertaining its actual requirement rendered the entire investment idle.

  [Paragraph 4.3]

SPECIFIC [illegible] COMMERCIAL ACTIVITIES

- [illegible] to tie up with the supplier on back to back basis [illegible] Electronics [illegible] Corporation Ltd. resulted in [illegible] of supply [illegible] and loss of Rs 12.98 lakh.

(Paragraph [illegible])

- Electricity [illegible] Department [illegible] Power Corporation Ltd. [illegible] billed a consumer contrary to the [illegible] resulted in loss of Rs [illegible] crore.

(Paragraph [illegible])

IDLE [illegible]

- Expenditure of Rs 3.01 crore on construction of [illegible] remained idle [illegible] of Foreign [illegible]

(Paragraph [illegible])

- [illegible] of a heavy mobile crane at a cost of Rs 77.08 lakh [illegible] Division [illegible] without ascertaining [illegible] unfruitful.

(Paragraph 4.3)

CHAPTER - I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the Government of the State of Uttaranchal for the period from 1 April 2001 to 31 March 2002 based on the analysis of the information contained in the Finance Accounts. The analysis is based on the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the chapter also contains a section on the analysis of indicators of financial performance of the Government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are described in the *Annexure* to this chapter.

1.2 Financial position of the State

In the Government accounting system comprehensive accounting of fixed assets like land and buildings etc., owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. *Exhibit I* gives an abstract of such liabilities and the assets of the State of the Uttaranchal as on 31 March 2002, compared with the corresponding position on 1 April 2001. While the liabilities in these statements consist mainly of external and internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances.

EXHIBIT-I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF UTTARANCHAL AS ON 31 MARCH 2002

(Rupees in crore)

As on 31 March 2001		Liabilities	As on 31 March 2002	
1200.08		**Internal Debt**		**1851.69**
	709.27	Market Loans bearing interest	920.26	
	0.39	Market Loans not bearing interest	0.39	
	1.50	Loans from LIC	1.50	
	82.99	Loans from other Institutions	82.99	
	375.24	Special Securities issued	730.76	
	30.69	Ways and Means Advance from (RBI)	115.79	
1692.54		**Loans and Advances from Central Government**		**1738.51**
	56.06	Pre 1984-85 Loans	48.93	
	721.27	Non-Plan Loans	700.34	
	892.17	Loans for State Plan Schemes	962.80	
	0.14	Loans for Central Plan Schemes	0.10	
	10.02	Loans for Centrally Sponsored Plan Schemes	13.46	
	12.88	Ways and Means Advances from Central Government	12.88	
485.14		**Small Savings, Provident Funds, etc.**		**613.64**
131.54		**Deposits**		**280.64**
100.49		**Remittances**		-----
16.82*		**Suspense and Miscellaneous Balances**		-----
		Reserve Funds		**150.01**
		Contingency Fund		**15.61**
3626.61*		**Total**		**4650.10**
		Assets		
148.72		**Gross Capital Outlay on Fixed Assets**		**356.98**
	1.00	Investments in shares of companies, corporations, etc	11.68	
	147.72	Capital Outlays	345.30	
9.71		**Loans and advances**		**84.52**
	9.88	Loans for Special Area Programmes	9.80	
	(-) 0.17	Other Development Loans	74.72	
3.54		**Contingency Fund**		
		Suspense & Miscellaneous Balances		**531.77**
		Remittance		**127.52**
268.98*		**Cash**		**(-) 6.31**
	0.01	Cash in Treasuries and Local Remittances	0.01	
	59.98	Deposits with Reserve Bank	(-) 3.38	
	(-) 1.83	Departmental Cash Balances	(-) 2.04	
	0.01	Permanent Advances	(-) 0.90	
	210.81	Cash Balance Investments		----
3195.66		**Deficit on Government Accounts**		**3555.62**
	9.75	Revenue Deficit of the Current Period	329.96	
	3185.91	Accumulated Deficit	3195.66	
		Appropriation to Contingency Fund	30.00	
3626.61*		**Total**		**4650.10**

* **Previous year figures have been revised after reconciliation.**

EXHIBIT-II
ABSTRACT OF RECEIPT AND DISBURSEMENT FOR THE PERIOD FROM 1 APRIL 2001 TO 31 MARCH 2002

(Rupees in crore)

Receipt	01-04-2001 to 31-03-2002	Disbursement	01.04.2001 to 31.3.2002		
			Non-plan	Plan	Total
Section-A: Revenue					
I Revenue receipts	**2608.19**	**I Revenue Expenditure**	**2453.38**	**484.77**	**2938.15**
Tax revenue*	971.40	***General services***	***1015.85***	***45.84***	**1061.69**
Non-tax revenue	162.06	***Social services***	***916.72***	***203.91***	**1120.63**
State's share of Union taxes	150.87	Education, Sports, Art and Culture	558.13	125.63	683.76
Non-Plan grants	53.04	Health and family Welfare	121.42	18.95	140.37
Grants for State Plan Scheme	1052.63	Water Supply, Sanitation, Housing and Urban Development	143.21	45.69	188.90
Grants for Central and Centrally sponsored Plan schemes	218.19	Information and Broadcasting	3.38	0.03	3.41
		Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	31.95	4.01	35.96
		Labour and Labour Welfare	13.44	0.22	13.66
		Social Welfare and Nutrition	40.55	8.96	49.51
		Others	4.64	0.41	5.05
		Economic Services	**457.07**	**235.02**	**692.09**
		Agriculture and Allied Activities	188.74	147.81	336.55
		Rural Development	92.23	62.42	154.65
		Special Area Programmes			
		Irrigation and Flood Control	103.86	14.16	118.02
		Industry and Minerals	6.76	3.38	10.14
		Energy	7.95	5.61	13.56
		Transport	45.73	----	45.73
		Science, Technology and Environment	1.43	0.37	1.80
		General Economic Services	10.37	1.27	11.64
		Grants-in-aid contribution	***63.74***	---	***63.74***
II Revenue deficit carried over to Section B	**329.96**	**II Revenue surplus carried over to Section B**			
Total	**2938.15**	**Total**	**2453.38**	**484.77**	**2938.15**
Section-B: Capital					
III Opening Cash balance including permanent advances and cash balance investment	**268.98**	**III Opening Overdraft from RBI**			
IV Miscellaneous capital receipts	—	**IV Capital Outlay**	**107.33**	**100.93**	**208.26**
		General Services	***15.64***	***14.17***	***29.81***
		Social Services	***9.21***	***17.89***	***27.10***
		Economic Services	***82.48***	***68.87***	***151.35***
		Agriculture and Allied Activities	74.28	(-)111.32	(-)37.04
		Other Rural Development Programmes	1.56	2.29	3.85
		Irrigation and Flood Control	---	27.51	27.51
		Industry and Minerals	0.79	0.70	1.49
		Transport	0.14	140.78	140.92
		Power Project	4.00	4.00	8.00
		General Economic Services	1.71	4.91	6.62

* Includes Rs. 82.40 crore on account of State's share of Union taxes.

V Recoveries of Loans and Advances	**3.51**	**V Loans and Advances disbursed**	**78.32**
From Government Servants	3.39	For Economic Services	70.12
From others	0.12	To others	8.20
VI Revenue surplus brought down	---	**VI Revenue deficit**	**329.96**
VII Public debt receipts	**775.41**	**VII Repayment of public debt**	**77.83**
Internal debt other than Ways and Means Advances and Overdrafts	567.26	Internal debt other than Ways and Means Advances and Overdrafts	0.75
Net transactions under Ways and Means Advances (RBI)	85.10	Net transactions under Ways and Means Advances	
Loans and Advances from Central Govt. other than Ways and Means Advances	123.05	Repayments of Loans and Advances to Central Government.	77.08
Ways and Means Advances(GOI)	---	Ways and Means Advances (GOI)	
VIII Appropriation to Contingency Fund	---	**VIII Appropriation to Contingency Fund**	**30.00**
IX Amount transferred to Contingency Fund	**30.00**	**IX Expenditure from Contingency Fund**	**10.84**
X Public Accounts receipts	**5130.93**	**X Public Accounts disbursements**	**5479.93**
Small Savings and Provident Funds	307.50	Small Savings and Provident Funds	179.01
Reserve Funds	150.01	Reserve Funds	
Suspense and Miscellaneous	3279.84	Suspense and Miscellaneous	3828.43
Remittances	393.11	Remittances	621.13
Deposits and Advances	1000.47	Deposits and Advances	851.36
		XI Cash Balance at end	**(-) 6.31**
		Cash in Treasuries and Local Remittances	0.01
		Deposits with Reserve Bank	(-) 3.38
		Departmental Cash Balances including Permanent Advances	(-) 2.94
		Cash Balance Investments	Nil
Total	**6208.83**	**Total**	**6208.83**

EXHIBIT III
SOURCES AND APPLICATION OF FUNDS
FOR THE PERIOD 1 APRIL 2001 TO 31 MARCH 2002

(Rupees in crore)

Sources	2001-2002	
1-Revenue Receipts		**2608.19**
2-Recoveries of Loans and Advances		**3.51**
3-Increase in Public debt		**697.58**
- Market loans bearing interest	210.98	
- Market loans not bearing interest	-	
- Loans from LIC	--	
- Loans from other institutions		
- Special Securities issued	355.52	
- Ways and Means advances from (RBI)	85.10	
Loans and Advances from Central Govt.		
- Pre 1984-85 loans	(-)7.12	
- Non-Plan loans	(-)20.93	
- Loans for State Plan Schemes	70.63	
- Loans for Central Plan Schemes	(-)0.04	
- Loans for Centrally Sponsored Plan Schemes	3.44	
- Ways and Means Advances from GOI	-	
4-Net receipts from Public account		**(-) 348.99**
- Increase in Small Savings	128.50	
- Increase in Deposits & Advances	149.10	
- Increase in Reserve Funds	150.01	
- Net effect of Suspense and Miscellaneous transactions	(-) 548.59	
- Net effect of Remittance transactions	(-) 228.01	
5-Net effect in closing cash balance		**275.29**
6-Net effect of Contingency Transactions		**19.15**
Total		**3254.73**
Application		
1-Revenue expenditure		**2938.15**
2-Lending for development and other purposes		**78.32**
3-Capital expenditure		**208.26**
4-Appropriation to Contingency Fund		**30.00**
Total		**3254.73**

EXHIBIT IV
DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

		01-4-2001 to 31-3-2002
Part A. Receipts		
I. Revenue Receipts		**2608**
(i) Tax Revenue		*971 (37)*
	Sales Tax/Trade Tax	486 (50)
	State Excise	232 (24)
	Taxes on vehicles	67 (7)
	Stamps and Registration fees	89 (9)
	Land Revenue	3 (1)
	Other Taxes	94 (9)
(ii) Non- Tax Revenue		*162* (6)
(iii) State's share in union taxes		*151* (6)
(iv) Grants in aid from GOI		*1324* (51)
2. Miscellaneous Capital Receipts		-----
3. Total Revenue and Non Debt Capital Receipts (1+2)		**2608**
4. Recoveries of Loans and Advances		**4**
5. Public Debt Receipts		**775**
	Internal Debt (Excluding Ways and Means Advances and Overdrafts)	567 (73)
	Net Transactions under Ways and Means Advances and Overdraft	85(11)
	Loans and Advances from Government of India	123 (16)
6. Total Receipts in the Consolidated Fund (3+4+5)		**3387**
7. Contingency Fund Receipts		**30**
8. Public Account Receipts		**5131**
9. Total Receipts of the State (6+7+8)		**8548**
Part B. Expenditure		
10. Revenue Expenditure		**2938** (93)
	Plan	*485* (17)
	Non Plan	*2453* (83)
	General Services (including Interest payments)	1062 (36)
	Economic Services	692 (24)
	Social Services	1120 (38)
	Grants- in- aid and contributions	64 (2)
11. Capital Expenditure		**208** (7)
	Plan	*101* (49)
	Non Plan	*107* (51)
	General Services	30 (14)
	Economic Services	151 (73)
	Social Services	27 (13)
12. Disbursement of Loans and Advances		**78**
13. Total (10+11+12)		**3224**
14. Repayments of Public Debt		**78**
	Internal Debt (excluding Ways and Means Advances and Overdrafts)	1 (1)
	Net Transactions under Ways and Means advances and Overdraft	----
	Loans and Advances from Government of India	77 (99)
15. Appropriation to Contingency Fund		**30**
16. Total Disbursement out of Consolidated Fund (13+14+15)		**3332**
17. Contingency Fund disbursements		**11**
18. Public Account disbursements		**5480**

19. Total Disbursement by the State (16+17+18)	**8823**
Part C. Deficits	
20. Revenue Deficit (1-10)	**330**
21. Fiscal Deficit(3+4-13)	**612**
22. Primary Deficit(21-23)	**105**
Part D. Other data	
23. Interest Payments (included in revenue expenditure)	**507**
24. Arrears of Revenue (Percentage of Tax & Non Tax Revenue Receipt)	NA
25. Fin. Assistance to local bodies etc.	64
26. Ways and Means Advances and Overdrafts (days)	88
27. Interest on Ways and Means Advances/Overdraft	1
28. Gross State Domestic Product (GSDP)	NA*
29. Outstanding Debt (year end)	1125
30. Outstanding Guarantees (year end)	NA
31. Maximum amount Guaranteed (year end)	Nil
32. Number of incomplete projects	NA
33. Capital blocked in incomplete projects	NA

Note: Figures in brackets represent percentages (rounded) to total of each sub heading.

1.3 Sources and applications of funds

1.3.1 Exhibit III gives the position of sources and applications of funds during the current period. The main sources of funds included the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These were applied mainly on revenue and capital expenditure and on lending for developmental purposes. It would be seen that the revenue receipts (Rs. 2608 crore) constituted the most significant source of funds for the State Government.

1.3.2 The funds were mainly applied for revenue expenditure (Rs.2938 crore) whose share was higher than the share of revenue receipts (Rs.2608 crore). This led to a revenue deficit of Rs 330 crore.

1.4 Financial operations of the State Government

1.4.1 Exhibit II gives the details of the receipts and disbursements made by the State Government. The revenue expenditure (Rs.2938 crore) during the period exceeded the revenue receipts (Rs.2608 crore) resulting in a revenue deficit of Rs.330 crore. The revenue receipts comprised tax revenue (Rs.971 crore), non-tax revenue (Rs.162 crore), State's Share of Union Taxes and Duties (Rs.151 crore) and Grants-in-aid from the Central Government (Rs.1324 crore). The main sources of tax revenue were Sales Tax (50 *per cent*) and State Excise (24 *per cent*). The non-tax revenue came mainly from Economic Services (72 *per cent*).

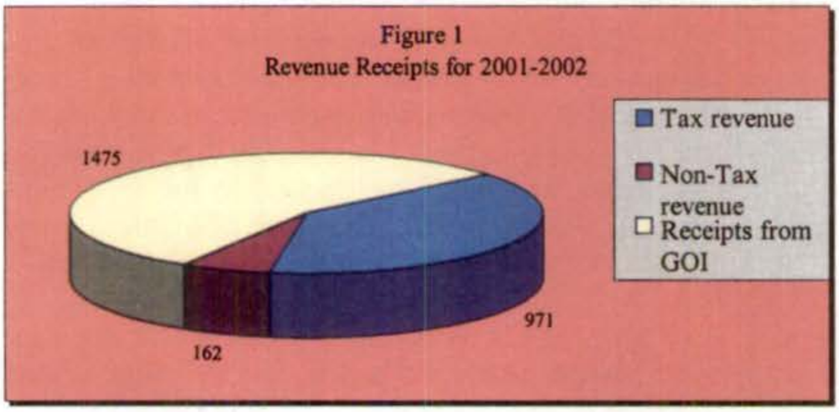
* GSDP is under compilation by State Government.

1.4.2 The capital receipts comprised Rs.775 crore from Public Debt and Rs.5131 crore from Public Account. Against this, the expenditure of Rs.208 crore on Capital Outlay and Rs.5480 crore on the disbursement of Public Accounts were made. The net effect of transactions in the Consolidated Fund, Contingency Fund and Public Account had, however, decreased the Cash balance of the State Government from Rs. 269 crore to (-) Rs. 6 crore on the last day of the year.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit II and data on State Government Finances for the period from 01-4-2001 to 31-3-2002, presented in Exhibit IV.

1.5 Revenue Receipts

Revenue receipts consisted mainly of tax and non-tax revenue and receipts from the Government of India (GOI). Their relative shares are shown in Figure 1.



1.5.1 Tax Revenue

Stamps and Registration fees (Rs.89 crore), State Excise (Rs.232 crore) and Sales Tax (Rs.486 crore) constituted the major part of tax revenue.

1.5.2 Non-Tax Revenue

Non-Tax revenue constituted 6 *per cent* of the revenue receipts of the Government. Receipts on account of Forestry and Wild Life (Rs.81 crore) formed the main source of the non-tax revenue.

1.5.3 State's share of Union taxes and duties and grants-in-aid from the Central Government

State's share of Union Taxes and Duties was Rs.151 crore (6 *per cent*) in the total revenue receipts of the Government.

1.6 Revenue Expenditure

1.6.1 Revenue expenditure accounted for most (93 *per cent*) of the expenditure of the State Government during the period. Out of this, non-plan expenditure (83 *per cent*) held the major share in revenue expenditure.

1.6.2 Sector-wise analysis shows that while expenditure on General Services was 36 *per cent*, expenditure on Economic Services and Social Services constituted 24 and 38 *per cent* of revenue expenditure respectively.

1.6.3 Interest Payments

The share of interest payments in revenue expenditure was 17 *per cent*. This is further discussed in the section on financial indicators.

1.6.4 Loans and Advances by the State Government

The Government gives loans and advances to government companies, corporations, local bodies, autonomous bodies, cooperatives, non-government institutions, etc. for developmental and non-developmental activities.

(Rupees in crore)

	01-4-2001 to 31-3-2002
Opening balance	9.71
Amount advanced during the year	78.32
Amount repaid during the year	3.51
Closing balance	84.52
Net addition	74.81
Interest received	----

The position for the period given above showed that the amounts advanced during the period (Rs.78 crore) was substantially more than the amounts received in repayments (Rs. 4 crore) as a result of which the closing balance was Rs.85 crore at the end of the period. The balance of Rs. 17593.10 crore are yet to be apportioned between Uttar Pradesh and Uttaranchal as on 8 November 2000.

1.7 Capital Expenditure

1.7.1 Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. Public Sector Undertakings (PSUs), Corporations, etc. and Loans and Advances. Capital expenditure was merely 7 *per cent* of the total expenditure during the period. Economic Services (73 *per cent*) formed the major part of capital expenditure.

1.8 Quality of Expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order to regulatory functions to various developmental activities. Government expenditure is, broadly, classified into Plan and Non-plan and Revenue and Capital. While the Plan and Capital expenditure are usually associated with asset creation, the Non-Plan and Revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the Plan and capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wastage in public expenditure, diversions of funds and funds blocked in incomplete projects impact negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also be considered as a negative factor while judging the quality of expenditure. Another significant indicator is the increase in the expenditure on General Services, to the detriment of Economic and Social Services.

1.8.3 The following table lists out the trend in these indicators:

	01-4-2001 to 31-3-2002
1. Plan Expenditure as percentage of	
(i) Revenue Expenditure	17
(ii) Capital Expenditure	49
2. Capital Expenditure (as a *Percentage* of total expenditure)	7
3. Expenditure on General services as *percentage* of	
(i) Revenue Expenditure	36
(ii) Capital Expenditure	14

It would be seen that the share of Plan expenditure on revenue side was 17 *per cent* during the period. The share of capital expenditure with reference to total expenditure was insignificant at 7 *per cent*.

1.9 Financial Management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent, chapters of this report deal extensively with these issues especially as they relate to the expenditure management in the Government, based on the findings of the test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government, are also discussed in this section.

1.9.1 Ways and Means Advances and Overdrafts

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.0.16 crore during the period from 01 April 2001 to 31 March 2002, but the balance fell short of the agreed minimum on 88 days despite recourse to Ways and Means Advances. The State Government had an outstanding balance of Rs. 30.69 crore as Ways and Means Advances on 31 March 2001. During 2001-2002 the Government obtained Rs. 804.70 crore as Ways and Means Advances and Rs. 523.64 crore as Overdraft. Amounts of Rs. 773.42 (Ways and Means Advances) and Rs. 469.82 (Overdraft) were repaid to the Reserve Bank during the year. Thus, the net transaction under Ways and Means Advances including Overdraft amounted to Rs. 85.10 crore.

1.9.2 Deficit

1.9.2.1 Deficits in Government account represent gaps between the receipts and expenditure. The nature of the deficit is an important indicator of the prudence of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers to the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz. revenue deficit, fiscal deficit and primary deficit.

1.9.2.2 Revenue deficit is the excess of revenue expenditure over revenue receipts. Fiscal Deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). Primary Deficit is fiscal deficit less interest payments.

The following exhibit gives a break-up of the deficit in Government account.

(Rupees in crore)

		CONSOLIDATED FUND		
Receipts	**Amount**		**Disbursements**	**Amount**
Revenue	2608	Revenue Deficit : Rs. 330	Revenue	2938
Misc. Capital Receipts			Capital	208
Recovery of Loans and Advances	4	–	Loan & Advances	78
Sub-Total	2612	Gross Fiscal Deficit: Rs. 612	Sub-Total	3224
Public Debt receipt	775		Public Debt repayment	78
			Appropriation to Contingency Fund	30
Total	**3387**	A : Surplus in CF : Rs. 55		**3332**
		CONTINGENCY FUND		
Amount transferred to Contingency Fund	30		Expenditure from Contingency Fund	11
A-Overall Surplus in Consolidated and Contingency Fund Rs.74 crore				
		PUBLIC ACCOUNT		
Small Savings, PF etc.	308		Small Savings, PF etc.	179
Deposits & Advances	1000		Deposits & Advances	851
Reserve Funds	150		Reserve Funds	--
Suspense & Misc.	3280		Suspense & Misc.	3828
Remittances	393		Remittances	621
Total Public Account	5131		Total	5480
B- Overall surplus of 74 crore in Consolidated Fund and Contingency Fund was balanced by deficit of Rs. 349 crore in the Public Account with simultaneous decrease in cash balance of Rs. 269 crore to (-) Rs. 6 crore.				

The table shows that the fiscal deficit of Rs. 612 crore was financed from the net proceeds of borrowings.

The revenue deficit accounted for about 54 *per cent* of the fiscal deficit.

1.9.2.3 Application of borrowed funds (Fiscal Deficit)

Fiscal Deficit represents total net borrowings of the Government. These borrowings are applied for meeting the revenue deficit (RD), for making the capital expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because borrowings for revenue expenditure would not be sustainable. The following table shows the position in respect of the Government of Uttaranchal for the period 1 April 2001 to 31 March 2002.

(Rupees in crore)

Ratio	01-4-2001 to 31-3-2002
RD/FD	0.54
CE/FD	0.34
Net loans/FD	0.12
Total	1.00

1.10 Public Debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit.

(Rupees in crore)

Period	Internal Debt	Loans and Advances from Central Government	Total Public Debt	Other liabilities	Total liabilities	Ratio of Debt to GSDP
01-04-2001 to 31-03-2002	1851.69	1738.51	3590.20	1059.90	4650.10	N.A.*

During the period the Internal Debt was 40 *per cent,* whereas Loans and Advances from the Central Government were at 38 *per cent* of the total liability.

1.10.2 The amount of funds raised through Public Debt, the amount of repayments and net funds available are given in the following table:

* GSDP is under compilation by State Government.

(Rupees in crore)

	01-4-2001 to 31-3-2002
Internal Debt	
- Receipt	1896
- Repayments (principal + interest)	1244
- Net funds available (per cent)	652 (34)
Loans & Advances from GOI	
- Receipts during the year	123
- Repayments (Principal + Interest)	77
- Net funds available	46 (*37*)
Other liabilities	
- Receipts during the year	1488
- Repayments	1041
- Net funds available (*per cent*)	447 (30)

1.11. Indicators of financial performance of the State Government

1.11.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing and finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans, which are translated into Annual Development Plans and are provided for in the State Budget. Broadly, it can be stated that Non-Plan expenditure represents Government maintaining the existing level of activity, while Plan expenditure entails expansion of activity. Both these activities require resource mobilisation increasing Government's vulnerability. In short, the financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

(i) **Sustainability** - Sustainability is the degree to which a Government can maintain its existing programmes and meet existing credit requirements without increasing the debt burden.

(ii) **Flexibility** - Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

(iii) **Vulnerability** - Vulnerability is the degree to which a Government becomes dependent on and therefore, vulnerable to sources of funding outside its control or influence, both domestic and international.

(iv) **Transparency** - There is also the issue of financial information provided by the Government. This consists mainly of the Annual Financial Statement (Budget) and the Accounts. As regards the Budget, the important parameters are timely presentation, indicating the efficiency of the budgetary process and the accuracy of the estimates.As regards Accounts, timeliness in submission and completeness would be the principal criteria.

1.11.2 Information available in the Finance Accounts can be used to flesh out Sustainability, Flexibility, and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Exhibit V, which indicates the behaviour of these indices/ratios for the period from 1 April 2001 to 31 March 2002 in respect of the State of Uttaranchal. The implications of these indices/ratios for the financial health of the State Government are discussed in the following paragraphs.

EXHIBIT – V
FINANCIAL INDICATORS FOR GOVERNMENT OF UTTARANCHAL

	01-4-2001 to 31-3-2002
Sustainability	
BCR (Rs. in crore)	(-)1067
Primary Deficit (PD) (Rs. In crore)	105
Interest Ratio	0.08
Capital Outlay/Capital Receipts	0.72
Total Tax Receipts/GSDP	N.A*
State Tax Receipts/GSDP	N.A.*
Return on Investment Ratio	N.A.
Flexibility	
BCR (Rs. in crore)	(-) 1067
Capital Repayments/Capital Borrowings	0.11
State Tax Receipts/GSDP	--
Debt/GSDP	--
Vulnerability	
Revenue Deficit (RD) (Rs. in crore)	330
PD/FD	0.17
RD/FD	0.54
Outstanding Guarantees/Revenue Receipts	N.A.
Assets/Liabilities	0.23

1.11.3 The behaviour of the indices/ratios is discussed below :

(i) Balance from Current Revenues (BCR)

BCR is defined as Revenue Receipts minus Plan Assistance Grants minus non-Plan Revenue Expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting Plan Expenditure. Exhibit -V shows that the State Government had negative BCR of Rs. 1067 crore during the period from 1 April 2001 to 31 March 2002 indicating that it has had to depend on borrowings for meeting its Plan Expenditure.

* GSDP is under compilation by State Government.

(ii) Interest Ratio

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In Uttaranchal, the interest ratio was 0.08 during the period from 1 April 2001 to 31 March 2002.

(iii) Capital Outlay versus Capital Receipts

This ratio indicates to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term in as much as it indicates that a part of the capital receipts is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In Uttaranchal it was 0.72.

iv) Capital Repayments versus Capital Borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In Uttaranchal this ratio was 0.11.

(v) Revenue Deficit versus Fiscal Deficit

Revenue deficit is the excess of revenue expenditure over revenue receipts and represents revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus a higher ratio, indicates that the debt burden is increasing without adding to the repayment capacity of the State. In Uttaranchal the ratio was 0.54.

(vi) Primary Deficit versus Fiscal Deficit

Primary deficit is the fiscal deficit minus interest payments. It represents non-interest borrowings of the Government on account of its current actions and programmes (interest payments are associated with past actions/programmes of the Government). Primary deficit is sustainable only when the economy grows at a rate higher than the rate of interest. This not being the case, primary deficit is not sustainable. In Uttaranchal it was 0.17 of the fiscal deficit.

(vii) Guarantees versus Revenue Receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should, therefore, be compared with the ability of the government to pay viz., its revenue receipts. Thus, the ratio of total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In Uttaranchal, this ratio could not be worked out as the share of liability of Rs. 356.75 crore on account of guarantees intimated by the parent State of Uttar Pradesh was under examination by the Uttaranchal Government. Uttaranchal Government has sanctioned no guarantee during the period 2001-2002.

1.11.4 Conclusion

Besides, assets, cash balances and investments in Government companies were yet to be apportioned. During the year the Government had a negative BCR and a revenue deficit of Rs. 330 crore.

Annexure

Part - A: Government Accounts

I. Structure

The accounts of the State Government are kept in three parts (1) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I. Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorization from the State Legislature. This part consists of two main divisions, namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II. Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorization from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorized by the Legislature during the year was Rs. 30 crore.

Part III. Public Account

Receipts and disbursements in respect of Small Savings, Provident Funds, Deposits, Reserve Funds, Suspense, Remittances, etc. which do not form part of the Consolidated Fund, are accounted for in the Public Account and are not subject to vote by the State Legislature.

Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts present the details of expenditure by the State Government vis-à-vis the amounts authorized by the State Legislature in the Budget Grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B: List of Indices/Ratios and basis for their calculation (Referred to in paragraph 1.11)

Indices/Ratios	Basis for calculation
Sustainability	
- Balance from the Current Revenues (BCR)	Revenue Receipts minus all Plan Grants (under Major Head 1601-02,03,04) and Non-Plan Revenue Expenditure (excluding Major Head 2048)
- Primary Deficit	**Primary Deficit** Fiscal Deficit minus Interest Payment
- Interest Ratio	**Interest Ratio** Interest Payments minus Interest Receipts / Revenue Receipts minus Interest Receipts
- Capital Outlay Vs. Capital Receipts	**Capital Outlay** Capital Expenditure as per Statement No.13 of the Finance Accounts **Capital Receipts :** Miscellaneous Capital Receipts Plus Internal Loans (net of Ways and Means Advances and Overdraft) + Loans and Advances from Government of India (net of Ways and Means Advances) + Net receipts from Small Savings, PF etc. + Repayments received of loans advanced by the State Government - Loans advanced by the State Government
- Total Tax Receipts Vs. Gross State Domestic Product (GSDP)	**Total Tax Receipts**: State Tax Receipts plus State's share of Union Taxes and Duties.
- State Tax Receipts Vs. GSDP	**State Tax Receipts** : Statement-11 of Finance Accounts
Flexibility	As above.
- Balance from Current Revenues	**Capital Repayments** : Disbursements under Major Head 6003 and 6004 minus repayments on account of Ways And Means Advances/Overdraft under both The Major Heads
- Capital Repayments Vs. Capital Borrowings	**Capital Borrowings** : Additions under Major Heads 6003 and 6004 minus addition on account of Ways and Means advances/Overdraft under both the Major Heads
- State Tax Receipts Vs. GSDP	**State Tax Receipts** : As above.
- Total Tax Receipts Vs. GSDP	**Total Tax Receipts** : As above.
- Debt Vs. GSDP	**Debt** : Borrowings and other obligation at the end of The year (Statement No.4 of the Finance Accounts)
- Incomplete Projects	----
Vulnerability	
- Revenue Deficit	Paragraph No. 1.9, 2.2 of the Audit Report
- Fiscal Deficit	Paragraph No. 1.9.2..3 of the Audit Report
- Primary Deficit Vs. Fiscal Deficit	**Primary Deficit** As above.
- Total Outstanding Guarantees, including Letters of Comfort Vs. Total Revenue Receipts of the Government	**Outstanding Guarantees:** Exhibit IV **Revenue Receipts** Exhibit II
- Assets Vs. Liabilities	**Assets and Liabilties** Exhibit I

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Summary of Appropriation Accounts-2001-2002 at a glance

Total number of grants/ appropriations: 28

Total provision and expenditure:

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original	4836.01		
Supplementary	448.33		
Total gross provision	5284.34	Total gross expenditure	5212.20
Deduct-Estimated recoveries in reduction of expenditure	---	Deduct-Actual recoveries in reduction of expenditure	666.42
Total net provision	**5284.34**	**Total net expenditure**	**4545.78**

Voted and Charged provision and expenditure

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
Revenue	3470.69	695.65	2283.17	658.53
Capital	867.04	250.96	949.44	1321.06
Total Gross	4337.73	946.61	3232.61	1979.59
Deduct recoveries in reduction of expenditure	----		666.42	
Total Net	**4337.73**	**946.61**	**2566.19**	**1979.59**

2.1 Introduction

In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Act passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Articles 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-a-vis those authorised by the Appropriation Act.

The objective of Appropriation Audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during the period 1 April 2001 to 31 March 2002 against 28 grants/appropriations is given below:

(Rupees in crore)

	Nature of expenditure	Original grants/ appropriations	Supplementary grants/appropriation	Total Provision	Actual expenditure	Saving(-) Excess(+)
Voted	I-Revenue	3061.97	408.72	3470.69	2283.17	(-)1187.52
	II-Capital	827.97	39.07	867.04	949.44	(+) 82.40
Total Voted		**3889.94**	**447.79**	**4337.73**	**3232.61**	**(-)1105.12**
Charged	III-Revenue	695.11	0.54	695.65	658.53	(-) 37.12
	IV-Capital	250.96	-	250.96	1321.06	(+)1070.10
Total Charged		**946.07**	**0.54**	**946.61**	**1979.59**	**(+) 1032.98**
Grand Total		**4836.01**	**448.33**	**5284.34**	**5212.20**	**(-) 72.14**

The total expenditure was understated at least to the extent of the following:

(i) Expenditure of Rs.0.62 crore was incurred but had remained unaccounted for in the books of Principal Accountant General (A&E) due to non receipt of vouchers from the treasuries during the period from 1 April 2001 to 31 March 2002 under various Major Heads.

(ii) Rs.10.84 crore drawn under 5 Major Heads from the State Contingency Fund during 1 April 2001 to 31 March 2002 remained unrecouped at the end of the year.

2.3 Results of Appropriation Audit

The following results emerge broadly from Appropriation Audit:

2.3.1 There was an overall saving of Rs. 72.14 crore as a result of saving of Rs.1371.78 crore in 28 grants partly offset by excess of Rs. 1299.64 crore in 4 grants/appropriations. Substantial savings reflected upon the failure of the departments to assess their requirement of funds realistically as also the inadequacy of the monitoring system.

2.3.2 In 24 out of 28 grants the expenditure fell short by more than Rs.1 crore and also by more than 10 *per cent* of the provision in 24 grants respectively. Details are indicated in ***Appendix I***. This indicated that inflated demand for funds was placed by Controlling Officers for inclusion in budget estimates and requirements of funds had not been assessed correctly.

2.3.3 Excess expenditure over provision relating to current and previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.229.54 crore in two voted Grants and Rs. 1070.10 crore in one appropriation during 2001-02 and Rs. 127.01 crore in 11voted grants and Rs.0.55 crore in one appropriation during year 2000-01 was yet to be regularised. Details of excess expenditure during 2001-02 are given in ***Appendix II***.

2.3.4 In 3 cases, expenditure exceeded the approved provision by Rs.10 crore or more and also by more than 30 *per cent* of the total provision. Details are given in ***Appendix III***.

2.3.5 Anticipated savings not surrendered

As per financial rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2001-2002, out of the total savings of Rs.1371.78 crore only Rs.288.57 crore had been surrendered. In one case injudicious and unrealistic surrender was made as the surrender of Rs. 55.94 crore made during the year was more than the available savings of Rs.40.17 crore. Details of the savings of Rs.1098.98 crore which had not been surrendered are given in ***Appendix IV***.

The explanation for savings as given above, had not been furnished by the concerned departments as of May 2003.

2.3.6 Trend of recoveries and credits

Under the system of gross budgeting followed by Government, the demands for grants are placed for gross expenditure and exclude all credits and recoveries, which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. However, against nil provisions for estimated recoveries in the budget, recoveries of Rs.666.42 crore had been effected in 4 grants during 2001-02. Details are given in ***Appendix V***.

2.3.7 Unwarranted drawal of Rs. 10.84 crore from State Contingency Fund

The Contingency Fund of the State of Uttaranchal was created with a corpus of Rs.30 crore in the year 2001-2002. Advances from the fund were to be made only for meeting expenditure of an unforeseen and emergency character, the postponement of which till authorization by the Legislature would have been undesirable.

A sum of Rs.10.84 crore had been drawn from the fund under 5 major heads without any immediate necessity or requirement as there were already substantial savings of Rs. 135.64 crore under these major heads as detailed below:

(Rupees in crore)

Major Head	Savings	Drawal from SCF
2040- Taxes on Sales, Trade etc.	3.61	0.08
2210-Medical and Public Health	31.33	0.10
2515-Other Rural Development Programmes	96.35	6.21
4408-Capital only of food storage & Ware housing	-	0.45
6401-Loan for Crop Husbandry	4.35	4.00
Total	**135.64**	**10.84**

2.3.8 Supplementary provision of Rs.428.86 crore obtained in 23 Grants during October 2001 and March 2002 proved entirely unnecessary since the savings in these grants amounting to Rs. 1221.00 crore were more than the supplementary provision as detailed in ***Appendix VI***.

CHAPTER-III

CIVIL DEPARTMENTS

SECTION-A: REVIEWS

MEDICAL, HEALTH AND FAMILY WELFARE DEPARTMENT

3.1 Urban Health Services

Highlights

The Fifth Five Year Plan (1974-1978) envisaged the development of a health care delivery system to provide 'Health for all by 2000 AD' under the Minimum Needs Programme (MNP). The programme included the establishment of primary health centres (PHCs) in urban areas, preferably in slum areas, providing specialty treatments to urban people, expanding availability of indoor treatment to urban people by providing hospital buildings in selected districts and strengthening the infrastructural facilities in health care system. Allocation of funds was much below the level envisaged in the Ninth Plan. No urban PHCs were established, there was no increase in the number of beds, the available manpower was mismanaged, and the procurement/distribution of medicines was irregular. Consequently, public health care facilities remained out of the reach of the intended beneficiaries. The main findings are highlighted below:

> **Allocation of funds was much lower than that recommended by Central Council of Health and Family Welfare (7% of total plan outlay) ranging from 0.74 to 3.78 *per cent.***

[Paragraph 3.1.4]

> **Against a sanctioned strength of 6,379 medical staff, there was a shortage of 2,077 (medical officers -984, para-medical staff - 962 and non-medical cadres -131).**

[Paragraph 3.1.5.1(i)]

> **Eight of the districts hospitals test-checked were short of essential equipments.**

[Paragraph 3.1.5.1(iv)]

> **Irregular purchases of medicines worth Rs. 2.21 crore were noticed.**

[Paragraph 3.1.6.1]

- **Medicines were unauthorisedly issued to influential persons on their request.**

[Paragraph 3.1.6.2(ii)]

- **From 1999-2000 to 2001-2002 there was a gradual decline in number of patients from 67 to 52 *per cent* (out-door) and from 7.45 to 5.76 *per cent* (in-door).**

[Paragraph 3.1.7]

- **Lack of a monitoring system and an overburdened Internal Audit Organization led to slackness in control.**

[Paragraph 3.1.8]

3.1.1 Introduction

The State of Uttaranchal (State) came into existence on 9 November 2000 after being separated from Uttar Pradesh. Since, the State adopted (November, 2000) the rules and regulations prevailing in Uttar Pradesh prior to its creation, unless otherwise decided, the strategy for development of Urban Health Services to achieve the goal of 'Health for all by 2000 A.D' adopted under the Minimum Needs Programme (MNP) during Fifth Five Year Plan (1974-78) remained unchanged. Accordingly, a three tier system consisting of (1) sub-centres/ primary health centres (PHCs), (2) community health centres (CHC) and, (3) district hospitals was to be developed. During, Sixth Five Year Plan period 200, 300 and 500 bed district hospitals were to be provided for a population of 10 lakh, more than 10 lakh, and at divisional headquarters (having no medical college) respectively. Selected specialties like intensive coronary care unit (ICCU) and dialysis unit were to be established during Seventh and Eight Plan period. Objectives during Ninth Five Year Plan (1997 – 2002) included:

- Establishing one PHC per 50,000 urban population particularly, in slum areas.
- Strengthening, consolidating and expanding the health infrastructure to augment and improve health services in all the hospitals of the State particularly, the emergency services, communication system, disposal of hospital waste, establishment of blood banks and care of mentally ill people.
- Launching special programme of health care for SC/ST and other weaker / under privileged sections of the society.
- Providing adequate trained manpower.

❖ Ensuring participation of NGOs in health education and preventive activities of various programmes.

3.1.2 Organisational set-up

Secretary, Medical, Health and Family Welfare Department is the administrative head in the Government. Director General (DG), Medical, Health and Family Welfare is the Head of the Department, assisted by Directors with Additional Directors (ADs) at divisional headquarters and Chief Medical Officers (CMOs) at the district level. Chief Medical Superintendents (CMS) execute the plan in the district hospitals. In each district, there is a district hospital for male and female patients and also a district female hospital (except in Udham Singh Nagar) catering only to female patients. (chart of the organizational set-up – *Appendix VII*).

3.1.3 Audit Coverage

Records of 10 hospitals in five districts[♦] for the period from 1997 – 1998 to 2001 – 2002 along with the records of office of the DG, Uttaranchal since its establishment were test checked during May and June 2002.

3.1.4 Financial Management

In the Ninth Plan, the Central Council of Health & Family Welfare (Council) had recommended that health sector outlays should be about 7 *per cent* of the total State Plan for the proper development of health services. Analysis revealed that the share of health sector, which was 1.85 *per cent* of the total State Plan outlay in 1997-98 came down to 0.74 *per cent* in 2000-2001 as shown in the table below. The shortfall resulted in inadequate provision for essential primary health care services.

(Rupees in lakh)

Sl. No.	Year	Plan Provision	Provision under medical and public health	Percentage of Col. 4: 3	Percentage of Short fall in relation to council's recommendation
1	2	3	4	5	6
1	1997-98	673.20	12.43	1.85	73.57
2	1998-99	740.48	25.42	3.43	51.00
3	1999-00	793.65	30.02	3.78	46.00
4	2000-01	907.95	6.72	0.74	89.00

The department could not utilize even the modest funds allocated for management/improvement of health care services in the urban areas leaving unspent balances of Rs1.48 crore, Rs.6.59 crore and Rs.20.14 crore in the

[♦] Almora District Hospital and Almora District Female Hospital, Dehradun District Hospital and Dehradun District Female Hospital, Haridwar District Hospital and Haridwar District Female Hospital, Nainital District Hospital, Nainital District Female Hospital and T B Sanitarium , Bhawali," Udham Singh Nagar-District Hospital.

financial years 1997-98, 1998-99 and 2001-02 respectively. Scrutiny of records of the test checked district hospitals revealed (***Appendix-VIII***) that during the period 1997-98 to 2001-02, a sum of Rs.42.43 crore (78 *per cent*) was spent on establishment only, Rs.6.31 crore (12 *per cent*) on medicine and the remaining 10 *per cent* on other contingent expenses. The establishment component ranged between 67 and 99 *per cent* of the total expenditure whereas that for medicines ranged between a low of 1 *per cent* and a high of 30 *per cent* during the 5 year period. On an average, the 30.56 lakh patients treated in the test checked units during the period of review (***Appendix IX***) were provided with medicine worth Rs 4.00 per patient only. This indicates that negligible inputs were made available for the curative component in the test-checked district hospitals.

3.1.5 Physical Performance

3.1.5.1 Infrastructural facilities

3.1.5.1 (i) Man power management

a) Analysis of data revealed (July, 2002) that against the sanctioned strength of 6379, a huge shortage of 2077 existed (medical officers 984, para-medical staff 962 and non-medical cadres 131).

b) Scrutiny of four district hospitals[♣] revealed that no posts were sanctioned for specialist treatment of sexually transmitted diseases (STD), skin diseases (Haridwar), cardiac diseases (Almora and Haridwar) and dental diseases (Haridwar). Besides 21 posts sanctioned for Orthopedic Surgeons (Haridwar, Nainital), Ear, Nose and Throat surgeon (Nainital), Child Specialist (Haridwar), General Duty Medical Officer (GDMO) (Almora–2,Nainital-1), Dental surgeon (Dehradun-1, Nainital–1) and Sr.Medical Officers (Almora-7, Dehradun-2, Nainital-2) were not filled (***Appendix X***). Similarly, in female hospitals, posts of Pathologists, Sr. Medical Officers, Sr. Gynaecologists, and GDMOs were not sanctioned (Almora, Haridwar and Nainital) (***Appendix XI A***). Further, there was no arrangement for associated obstetrical emergency e.g., trauma, fall, epilepsy and cardiac problems in any of the four female hospitals test checked.

c) The department had no fixed norm for doctor-patient or doctor-population ratio. The position of medical officers as sanctioned and men in position in the test checked districts were as under:

[♣] Almora, Dehradun, Haridwar and Nainital

Sl No.	Name of District	District Hospital (Male)				District Hospital (Female)			
		Sanctioned Strength of Medical Officer	Men in Position	Excess	Shortage	Sanctioned Strength of Medical Officer	Men in Position	Excess	Shortage
1	Almora	24	15	-	9	7	5	-	2
2	Dehradun	27	26	-	1	13	16	3	-
3	Haridwar	14	16	2	-	6	5	-	1
4	Nainital	21	11	-	10	7	4	-	3
5	T.B.Sanitorium, Bhawali , Nainital	11	7	-	4	-	-	-	-
	Total	97	75	2	24	33	30	3	6

Thus, in nine hospitals there was a shortage of 30 medical officers while 2 hospitals had an excess of 5 medical officers.

As per the annual transfer policy, Group A & B officers stay for three years and in exceptional circumstances, up to five years. Five medical officers were, however, retained in two hospitals in excess of sanctioned strength for period ranging between 6 and 13 years despite a shortage of 30 medical officers in other hospitals adversely affecting medical services to the needy population.

d) Shortage of para medical staff

Para medical staff provides essential support to the medical staff for running the hospital services in an efficient manner. Test check of records of 9 out of 10 district hospitals revealed an overall shortage of 21 *per cent* (***Appendix XI B***).

Test check revealed that seven ECG machines were lying idle due to non-availability of ECG technicians to operate these machines. This resulted in ECG facility being denied to patients. The DG stated (July 2002) that necessary steps were being taken to fill up the vacancies.

3.1.5.1 (ii) Non-establishment of units for providing specialties

The terrain in Uttaranchal being difficult, it is difficult for patients to travel long distances for treatment. Intensive coronary care units (ICCUs) were to be established in all district hospitals under VII and VIII Plan period. In none of the district hospitals test checked, except District Hospital, Dehradun had the ICCUs been established. Thus cardiac patients of other test checked districts were denied a life saving medical facility. The Ninth Plan envisaged provision of twenty specialty units in hospitals. Establishment of such units requires medical officers and supporting paramedical staff who have been trained in that specialty. ***Appendix-XII*** shows that no targets were fixed for the years 1998-99 and 1999-2000 for providing these facilities. The targets fixed for 2000-01 (3 specialties in 9 units) and 2001-02 (2 specialties in 4 units) remained unachieved. Consequently the facilities envisaged in the Ninth Plan remained unavailable.

3.1.5.1 (iii) Construction of hospitals

Dehradun, being a divisional headquarter with no medical college, should have been provided with a 500 bed hospital under the Sixth Plan. Test check, however, revealed that no such provision was made by the Government of U.P. Consequently, intended indoor facilities were denied to the population of Uttaranchal.

3.1.5.1 (iv) Clinical activities

a) Shortage of equipments

Imaging equipment, electro medical equipment, pneumatic/ hydraulic/ sterilization equipment, surgical equipment or laboratory equipment were found

to be in short supply in the test checked district hospitals. Test check of records in eight district hospitals revealed shortage of essential equipments and items as shown below :

District Hospitals

Sl.no.	Name of Equipment	Almora	Dehradun	Haridwar	Nainital
1	Baby incubator	Nil	Nil	Nil	Nil
2	Phototherapy Unit	Nil	Nil	Nil	Nil
3	Emergency Resuscitation Kit	Nil	Nil	Nil	Nil
4	Sigmoldo scope	Nil	Nil	Nil	Nil
5	Gynec electro Cautery	Nil	Nil	Nil	Nil
6	Ventilators	Nil	Nil	Nil	Nil
7	Suction Apparatus	Nil	Nil	Nil	Nil
8	Auto mist (Dehumidifier)	Nil	Nil	Nil	Nil
9	OD&C Pack	Nil	Nil	Nil	Nil
10	MTP Pack	Nil	Nil	Nil	Nil
11	Delivery Kit	Nil	Nil	Nil	Nil
12	P N Sterilizer Kit	Nil	Nil	Nil	Nil
13	Anesthesia Kit	Nil	Nil	Nil	Nil
14	Orthopedic Kit	Nil	Nil	Nil	Nil
15	Dental Kit	Nil	Nil	Nil	Nil
16	Laparoscope	Nil	Nil	Nil	Nil
17	Short wave Diathermy	Nil	Nil	Available	Nil
18	Diathermy Machine (Electrical)	Nil	Available	Nil	Nil
19	Pulse Oxymeter	Nil	Available	Nil	Nil
20	Slit Lamp	Nil	Available	Nil	Nil
21	Operation Table (Hydraulic)	Nil	Available	Nil	Nil
22	Ophthalmic Kit	Available	Nil	Nil	Nil
23	HBS A G Kit	Nil	Nil	Available	Nil
24	Cholecystectomy Kit	Nil	Available	Nil	Nil
25	Ear Examination Kit	Nil	Available	Nil	Nil
26	Laryngoscope	Nil	Available	Nil	Nil

Sl.no.	Name of Equipment	Almora	Dehradun	Haridwar	Nainital
27	Ophthalmoscope	Nil	Nil	Available	Available
28	Retino Scope	Nil	Available	Available	Available
29	Dental X Ray	Nil	Available	Nil	Available
30	Ultra Sound Scanner	Nil	Available	Available	Available

District Female Hospitals

Sl.no.	Name of Equipment	Almora	Dehradun	Haridwar	Nainital
1	ECG with Interface	Nil	Nil	Nil	Nil
2	Operating Microscope	Nil	Nil	Nil	Nil
3	Pulse Oxymeter	Nil	Nil	Nil	Nil
4	Ventilators	Nil	Nil	Nil	Nil
5	Foetal Monitor	Nil	Nil	Nil	Nil
6	U V Lamp	Nil	Nil	Nil	Nil
7	Infra Red Lamp	Nil	Nil	Nil	Nil
8	Calposcope	Nil	Nil	Nil	Nil
9	Auto mist –Dehumidifier	Nil	Nil	Nil	Nil
10	Ultrasound Scanner	Available	Nil	Nil	Nil
11	Emergency Resuscitation Kit	Nil	Nil	Available	Nil
12	Vacuum Extractor	Available	Nil	Nil	Nil
13	Gynec Electric Cautery	Available	Nil	Nil	Nil
14	Photo Therapy Unit	Nil	Nil	Available	Nil
15	Pathology instrument Kit	Nil	Nil	Nil	Available
16	Mucous Aspirator	Nil	Available	Available	Nil
17	Haemocytometer	Nil	Available	Nil	Available
18	Operation Table (Hydraulic)	Available	Available	Available	Nil
19	Suction Apparatus	Available	Available	Available	Nil

Non availability of these equipments deprived the needy population of necessary facilities forcing them to resort to private treatment. This was reflected in the declining number of patients turning up for treatment.

b) Establishment of blood banks

Blood banks were proposed to be established in every district hospital in the Ninth Plan. The Drugs and Pharmaceutical Act, 1940, provided that blood banks could be established subject to the conditions that (i) a suitable building as per prescribed norms was available (ii) separate technical staff[1] provided, and, (iii) a license had been granted by the Drug Controller on ensuring availability of (i) and (ii) above to run the blood bank. Scrutiny, however, revealed that out of five district hospitals (male) test checked, licenses were granted (May 1997) to four by the Drug Controller without verifying the availability of staff. However, after their expiry, the licenses of none of the five blood banks were renewed by the Drug Controller and neither had the requisite separate staff been made available as of date, except for Dehradun.

[1] Sr.Pathologist-1, Medical Officers-5, Staff Nurses-5, Lab Technicians-5, Lab Assistants15, Junior Clerk-1, Generator Operator-1, Pharmacist-1 and Public Relation Officer-1

Sl. No.	Name of the District Hospital	Period of License	Staff Available
1	Almora	8.5.97 to 31.12.98	Nil
2	Dehradun	16.3.96 to 31.12.98	Yes
3	Haridwar	2.2.98 to 31.12.99	Nil
4	Nainital	4.4.97 to 31.12.98	Nil
5	Udham Singh Nagar	8.11.2000 to 31.12.2001	Nil

The department stated (July, 2002) that staff proposals have been included in the Tenth Plan. Meanwhile, blood banks were functioning to meet the local demand with the help of staff of the Pathology department of the hospitals. Running of blood banks without license was, however, illegal.

c) Non-establishment of Urban Public Health Centers (PHC)

In order to provide a better quality of life to the under-privileged people, primary health care services were accorded highest priority during the Ninth Plan period and extended especially to urban slum area. Urban PHCs were to be established at the rate of one each per 50 thousand population. However, no PHC had been established till date, thus defeating the main objective of "Health for all (HFA) by 2000".

d) Participation of Non Governmental Organizations (NGOs)

The Ninth Five Year Plan aimed at greater participation of NGOs in health and family welfare services, health education and preventive activities. It was however, observed that no NGO was involved in any health care activity at District Hospitals, although NGOs were active in the State. The community's participation in health care through NGOs could not be achieved.

3.1.6 Irregular Purchase of Medicines

3.1.6.1 Irregular purchase of medicines

Scrutiny revealed that hospitals had purchased medicines from the open market at rates which were higher than those approved in the prescribed list of the Central Medical Supply Depot, UP, Lucknow (CMSD). This had resulted in purchase of unapproved medicines or approved medicines at higher rates in eight district hospitals and the TB sanatorium costing Rs.2.21 crore during the period 1997-98 to 2001-02 as detailed in ***Appendix XIII***.

3.1.6.2 Local purchase of medicines

3.1.6.2.(i) Purchase of costly medicines not in the Master List

Drug Purchase Policy (1987) allowed field units to purchase medicines locally up to 15 *per cent* of the total allocation on medicines to meet urgent needs, but from the Master List only. Scrutiny revealed that the field units purchased costly medicines not included in the Master List as illustrated in Appendix XIV. On this being pointed out, the department stated (July 2002) that purchases were made on the prescription of Medical Officer. The reply was not tenable being contrary to Government policy.

3.1.6.2 (ii) Unauthorized issue of medicines to influential persons

Registration of patients was obligatory for availing of the hospital facilities as out-door/ in- door patients. Medical Officers (MOs) concerned could attend to and prescribe treatment/medicines to registered patients only. The medicines would then be issued from the store of the hospital or if necessary, purchased locally.

It was, however, observed that medicines were issued to influential persons[1] on the basis of requests written on letter pads/slips without registration /prescription by an authorized MO. Items not included in the Master List like crepe bandages, Iodex, Naturolax, Hingoli, Amrutanjan, First Aid kit, Vicks Vaporub, Disprin, Savlon, Sugar Free, Dettol, disposable syringes, cotton rolls were issued on the basis of their pads/slips. In 6 district hospitals Rs.39.16 lakh was spent on local purchase of such medicines. Out of this Rs.32.78 lakh (84 *per cent*) pertained to District Hospital Dehradun (Rs.26.23 lakh) and District Hospital Nainital (Rs.6.55 lakh) (*Appendix XV*). Diversion of funds to purchase costly unauthorized medicines for influential persons was at the cost of needy patients.

3.1.6.2 (iii) Excess payment to Suppliers

Under Essential Commodities Act, the District Hospitals have been classified as retailers. Paragraph 19 of the Drugs (Prices Control) Order 1995, lays down that a manufacturer, distributor or wholesaler shall sell a formulation (medicines) to a retailer at a price equal to the retail price, as specified by an order or notified by the Government (excluding excise duty, if any) minus sixteen *per cent* thereof in case of scheduled drugs. Scrutiny revealed that medicines were purchased both at CMSD as well as at field units without following the above provision which resulted in excess payment of Rs.1.86 crore[#] to suppliers.

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[1] Members of Parliament, Members of the Legislative Assembly, Ministers, District Magistrates, other District Officers, puisne and retired High Court Judges and their family, other staff members of the High Court, District Judicial Officers and other influential persons.

[#] Total cost of medicines purchased during 1997-98 to 2001-02

Total cost of medicines purchased during 1997-98 to 2001-02	Rs.630.69 lakh	
Less Excise duty @ 16 %		Rs.100.91 lakh
Total		**Rs.529.78 lakh**
Less 16% discount	Rs.84.76 lakh	
Total		**Rs.445.02 lakh**
Excess payment Rs. (630.69-445.02) lakh		Rs.185.67 lakh (Rs.1.86 crore)

3.1.7 Under utilization of Health Care Services

Utilization of Government facilities for outdoor as well as indoor treatment was declining from year to year. In four test-checked districts the percentage of population coming to Government hospitals for treatment declined from 67 *per cent* (1999-2000) to 52 *per cent* (2001-2002). Patients availing of indoor treatment fell from the existing negligible percentage of 7.45 to 5.76 during the same period. This fact was also reflected in the Project Report of Health System Development in Uttaranchal (to be launched during the X Plan) where 83 *per cent* of the urban poor were observed to go in for private treatments in the absence of any Government facility nearby. Ninety *per cent* of the indoor patients and 97.5 *per cent* of outdoor patients were non-referral cases indicating an absence of the lower two tiers of the health care system. There existed a lack of health care facilities at the primary and secondary levels i.e. PHCs and CHCs. These were either nonexistent or provided a low quality of care. District hospitals were, thus, over burdened with self-referred patients as a result of the Government's failure to develop a three-tier system of referral and medical care.

3.1.8 Monitoring and Evaluation

No monitoring system was in existence in the department. The Internal Audit Organization of DG (Uttar Pradesh) was short of staff and overburdened with day-to-day assignments. Field units, now, in Uttaranchal State were not subjected to scrutiny of records for several years prior to the creation of the State. Consequently slackness of control over the implementation of the system of health was in evidence.

The DG Uttaranchal stated (July 2002) that necessary steps to establish a monitoring system / Internal Audit Organization has been taken up in X Five Year Plan of Uttaranchal.

The matter was referred to Government (October 2002); their reply was awaited (June2003).

RURAL DEVELOPMENT DEPARTMENT

3.2 Indira Avas Yojna (IAY)

Highlights

A review of the implementation of the Indira Avas Yojna (IAY) revealed that only about 19 per cent of BPL families were covered in 5 years. Delays in release of funds retarded progress. Allotment of houses to ineligible families deprived eligible families of benefits due to them. Implementation of IAY was not monitored effectively. The important findings were as under:

> **Government of India deducted Rs.9.61 crore from IAY funds for Nainital district as expenditure was below norms. This deprived 5067 families of the benefits under IAY.**

[Paragraph 3.2.5.1 (a) & (b)]

> **Targets were incorrectly fixed on the basis of total population instead of rural BPL families.**

[Paragraph 3.2.7.2]

> **Of the total 3,76,502 BPL families living in rural areas, 69,892 (19 *per cent*) only were covered during 1997-2002.**

[Paragraph 3.2.7.3]

> **34 to 74 *per cent* of houses were not provided with smokeless chullahs and 34 to 85 *per cent* were without sanitary latrines.**

[Paragraph 3.2.7.6]

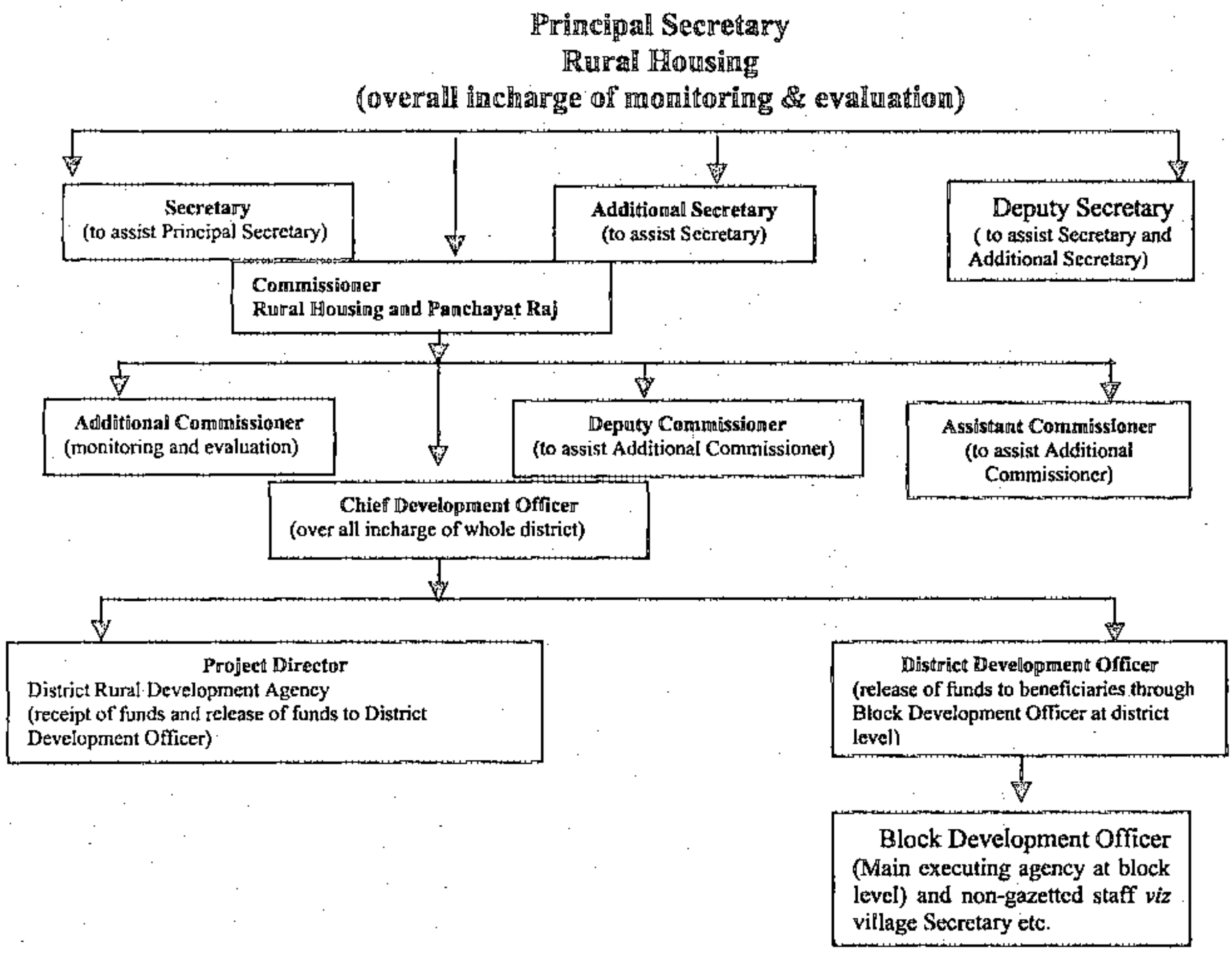
> **5734 houses, costing Rs. 11.39 crore, were allotted to ineligible persons.**

[Paragraph 3.2.8]

3.2.1 Introduction

Indira Avas Yojna (IAY) was launched by Government of India in 1985-86 as a sub-scheme of the Rural Landless Employment Guarantee Programme (RLGEP) for providing houses to the scheduled castes, scheduled tribes and freed bonded labourers living below poverty line (BPL). On 1 April 1989, IAY became a part of Jawahar Rojgar Yojna and from 1993-94, the scope of IAY was extended to BPL families of non-scheduled castes/ scheduled tribes living in rural areas. It became an independent scheme from 1 January 1996. The benefits under the scheme were extended to widows or next kin of defence personnel, para military forces killed in action, ex-serviceman, retired members of para military forces and disabled persons. Conversion of un-serviceable kutcha houses to semi pucca/pucca houses in rural areas were also covered under the scheme from April 1999.

3.2.2 Organisational set-up



3.2.3 Audit Coverage

The State of Uttaranchal has 13 districts and is geographically and administratively divided into Garhwal and Kumaon regions. Two districts each from Garhwal (Dehradun and Pauri Garhwal) and Kumaon (Nainital and Udham Singh Nagar) regions were selected for test check.

Records for the period 1997-2002 of 4 districts (out of 13), and 36 blocks (out of 95) were test checked. Out of a total expenditure of Rs. 101.12 crore upto 31 March 2002, an amount of Rs. 58.08 crore i.e. 57.44 *per cent* was covered in test check.

3.2.4 Funding Pattern

IAY is a Centrally sponsored scheme funded by Government of India and the State in the ratio of 80:20, which was changed to 75:25 from April 1999.

3.2.5 Release of funds

Details of release of funds by Government of India and State Government and expenditure incurred during 1997-2002 were as under:

(Rupees in lakh)

Year	Funds released during the year		Funds of previous year released during the current year	Total funds available	Expenditure	Excess(+) / Shortage(-)
	Government of India	State				
1997-98	1082.67	245.53	69.77	1397.97	1445.84	(+)47.87[1]
1998-99	1285.84	587.04[2]	3.20	1876.08	1849.87	(-)26.21[4]
1999-2000	2198.43	935.50	119.53	3253.46	2051.71	(-) 1201.75[4]
2000-01	1363.13	598.78	---	1961.91	2299.80	(+)337.89[1]
2001-02	1262.18	456.49[3]	---	1718.67	2464.75	(+)746.08[1]
Total	**7192.25**	**2823.34**	**192.50**	**10208.09**	**10111.97**	

Source :- State level summary report issued by the Government of Uttaranchal.
Note: Exclusive of Rs. 195.70 lakh available on 1.4..97 as opening balance

Scrutiny revealed variations in the information submitted at each level i.e; State Government, district and block level which remained unreconciled (*Appendix XVI*).

[1] Excess expenditure of Rs. 47.87 lakh in 1997-98, Rs. 337.89 lakh in 2000-01 and Rs. 746.08 lakh in 2001-2002 incurred.

[2] Includes Rs. 265.58 lakh as misc. receipt.

[3] Includes Rs. 83.40 lakh as misc. receipt.

[4]. Less expenditure of Rs. 26.21 lakh in 1998-99 and Rs. 1201.75 lakh in 1999-2000 was incurred.

3.2.5.1 Short release of funds by Government of India

(a) District Rural Development Agencies (DRDAs) were to send complete proposals for release of second instalment by the end of December each year after spending 60 *per cent* of the total available funds in the district.

Expenditure incurred in Nainital district during 2000-2001, however, fell short of total available funds by 60 *per cent* . A deduction of Rs. 643.22 lakh was accordingly made by Government of India. Greater control over expenditure could have prevented this short release of funds, which deprived 3625[α] families of the benefits under IAY.

(b) The scheme permitted the carry over of not more than 25 *per cent* (20 *per cent* with effect from 1 April 1999) of the total district allocation from one financial year to the next. In Nainital district the balance in the years 1998-99 (31.52 *per cent*), 1999-2000 (22.95 *per cent*), 2000-01 (52.92 *per cent*) and 2001-02 (40.36 *per cent*) exceeded the permissible carry over limits of 25 *per cent* / 20 *per cent* of the total district allocation.

A deduction of Rs. 317.29 lakh was made on account of this by the Government of India during 2001-02 in district Nainital. This deduction could have been avoided by timely utilization of funds and 1442 more families could have been benefited.

3.2.5.2 Shortage of Rs. 226.17 lakh in opening balance

The closing balance of a particular year should form the opening balance of the next year. It was, however, noticed that in the data regarding grants under IAY, compiled by the office of the Commissioner, Rural Development for the period 1997-2002 the opening balance fell short of the closing balance by Rs. 226.17 lakh in 3 districts, as shown in the table below:

(Rupees in lakh)

Name of districts	Year	Opening balance	Closing balance	Shortage
Nainital	1999-2000	37.11	951.08	--
	2000-01	915.39	743.73	35.69
	2001-02	710.40	144.72	33.33
Haridwar	1997-98	22.37	18.64	--
	1998-99	7.20	82.33	11.44
	1999-2000	82.33	190.63	--
	2000-01	69.85	128.88	120.78
Pauri Garhwal	1998-99	15.33	2.81	--
	1999-2000	2.81	34.69	--
	2000-01	9.76	Not supplied	24.93
Total				226.17

[α] (2339 new construction and 1286 upgradation).

The Department failed to investigate and record the reasons for these differences. On this being pointed, the Department stated that differences would be reconciled.

3.2.5.3 Delay in release of funds by the state Government

The state Government was required to release its share to DRDAs within one month of the release of central assistance but failed to do so. The delays ranged from 1 to 8 months in the period 1997-2002 ***(Appendix-XVII)*** adversely affecting timely implementation of the scheme.

3.2.5.4 Rush of expenditure due to late release of funds

Government of India /State Government released 28 to 58 *per cent* of the funds in the last quarter during the period 1997-2002, often in the month of March as indicated below:

(Rupees in lakh)

Year	Total funds released by			Funds released in last quarter by			Percentage of release in the last quarter	Funds released in March by			Percentage of release in March
	Government of India	State	Total	Government of India	State	Total		Government of India	State	Total	
1997-98	621.62	109.62	731.24	321.48	49.81	371.29	50.78	92.27	49.81	142.08	19.43
1998-99	562.57	149.81	712.38	197.60	26.10	223.70	31.40	67.31	-	67.31	9.45
1999-2000	1656.45	548.27	2204.72	810.64	458.23	1268.87	57.55	686.45	16.11	702.56	31.87
2000-2001	903.06	343.62	1246.68	80.75	265.39	346.14	27.76	80.75	265.39	346.14	27.76
2001-2002	776.54	247.23	1023.77	380.05	128.91	508.96	49.71	-	128.91	128.91	12.59

This led to unnecessary rush of expenditure at the end of each of the five financial years.

3.2.6 Survey for identification of beneficiaries

According to Government of India guidelines (April 1997), families, which fulfilled any one of the following conditions, were not to be considered as BPL families for the Ninth Five Year plan:

(a) operating more than 2 hectares of land;
(b) having *pucca house*;
(c) having annual income exceeding Rs. 20,000 per annum;
(d) having any one of the consumer durables /farm implements such as television, refrigerator, ceiling fan, motor cycle , scooter, three wheeler, tractor, power tiller or combine thresher harvester .

BPL list was prepared by the State Government as per criteria fixed by the Government of India in 1997. As per BPL list prepared by State Government in 1997 only 3,76,502 families were found to be below the poverty line and living in rural areas in the State.

In Nainital district there were only 19,989 eligible families as per the BPL list prepared in 1997. Of these, 7965 families belonged to the SC/ST categories. These were fully covered during the year 1999-2000. Since at least 60 *per cent* of the beneficiaries in any given year must belong to the SC/ST categories, the Department prepared a second BPL list without any authorization either from Government of India or the State Government. Beneficiaries for the years 2000-01 and 2001-02 were selected from the second BPL list.

Similarly, in Udham Singh Nagar district, another BPL list was prepared in the year 2000 in Gadarpur block without any authorization from the State Government /Government of India. Beneficiaries were selected from the second as well as the first BPL list during the years 2000-01 and 2001-02.

3.2.7 Physical performance

3.2.7.1 Non maintenance of inventories

The targets fixed for construction of new houses and upgradation of *kutcha* houses and achievements thereagainst were as follows:

Year	New constructions (No. of houses)				Upgradations (No. of houses)			
	Target	Houses completed	Houses under progress	Houses allotted	Target	Houses completed	Houses under progress	Houses allotted
1997-98	6508	6337	66	4367	-	-	-	-
1998-99	7442	8806	744	5546	-	-	-	-
1999-2000	11743	9893	4689	7838	5914	3178	-	-
2000-01	18275	13775	4500	8120	Details of upgradation is included in new construction			
2001-02	11916	6775	5141	4110	5988	4470	1518	2664
Total	**55884**	**45586**	**15140**	**29981**	**11902**	**7648**	**1518**	**2664**

The implementing agencies were required to maintain a complete and detailed inventory of houses constructed under the schemes. No such records were found to have been maintained in any of the four districts test checked. Due to non maintenance of such records, the actual construction of houses against the grants released to the beneficiaries could neither be monitored by the department nor verified by Audit. Variations were noticed in the information submitted in reports contained in the records of the district test checked at each level i.e. Government, DDOs and Blocks. In the absence of the prescribed inventory, correctness of the figures of physical achievements (*Appendix XVIII A & B*) could not be vouched for, nor could the scheme be monitored effectively.

3.2.7.2 Uneven fixation of targets

The target group for houses under IAY were BPL families in the rural areas belonging to SC/ST and non SC/ST categories.

In respect of the four districts test checked, it was found that the targets were fixed by the District Development Officers (DDOs) instead of DRDA as stipulated in the guidelines. The DDOs fixed the block wise and gram sabha wise targets on the basis of total rural populations instead of the relevant criteria i.e. the number of rural BPL families. This resulted in uneven fixation of targets and deprived blocks with a higher proportion of BPL families of their due share of funds (*Appendix XIX*). Gram sabhas were also not intimated by the DDOs about the target fixed.

3.2.7.3 Low coverage of BPL families

Only 19 *per cent* BPL families covered in 5 years

Of the total 3,76,502 BPL families, only 69,892 were covered under IAY during 1997-2002. Thus the coverage was about 18.56 *per cent* only in five years .The low coverage was partly due to delays in release of funds (para 3.2.5.3), short release of funds by Government of India on account of slow progress of expenditure in district Nainital during the years 2000-2001 and 2001-2002 (para 3.2.5.1), excess expenditure of Rs. 172.76 lakh (para 3.2.7.4) on new construction instead of upgradation of houses and unutilized grants of Rs. 21.46 lakh {para 3.2.9 (d)}.

3.2.7.4 Ratio between construction and upgradation not maintained

80 *per cent* of the total funds allotted were for new construction and 20 *per cent* funds for upgradation of existing *kutcha* houses.

Low coverage in upgradation of houses

In test-check, it was found that the ratio 80:20 in the expenditure of new construction and upgradation of *kutcha* houses was not maintained during the years 1999-2002. In district Nainital excess expenditure of Rs. 161.92 lakh in new construction during 1999-2000 and 2000-2001 and Rs. 38.85 lakh in upgradation in 2001-2002 and in district Udham Singh Nagar excess expenditure of Rs. 10.84 lakh in new construction was incurred.

3.2.7.5 Incorrect reporting

It was noticed that even when the funds for construction/upgradation of houses were released to the beneficiaries in the last week of March of the financial year or between April to June of the next financial year the houses were shown as completed, in the physical progress reports for the respective financial years sent to Government of India as indicated below:

Name of the districts	No. of houses	1997-98	1998-99	1999-2000	2000-01	2001-02
Pauri	For which funds released	-	-	-	229	180
	Shown in progress	-	-	-	51(UG)*	-
	Shown as completed	-	-	-	178	180
Udham Singh Nagar	For which funds released	436	702	210 64(UG)	184 151(UG)	35 33(UG)
	Shown in progress	-	-	-	-	-
	Shown as completed	-	702	210 64(UG)	184 151(UG)	35 33(UG)

It was doubtful whether construction/upgradation of houses was carried out prior to the release of funds.

3.2.7.6 Each dwelling unit was to be provided with a smokeless *chullah* and sanitary latrine for healthy environment. Scrutiny of records revealed

* Upgradation

smokeless *chullahs* and sanitary latrines were not provided in 34 to 74 *per cent* and 34 to 85 *per cent* cases respectively.

The houses constructed/upgraded lacked healthy and hygienic environment in the absence of the basic amenities envisaged in the scheme.

3.2.8 Incorrect selection of beneficiaries and disbursement of funds to ineligible families

DRDA, a representative organization with a governing body of around thirty members, including non-officials/elected persons, was designated as the nodal agency for each district. The DRDAs, on the basis of allocation made and targets fixed, were to decide the number of houses to be constructed in each gram panchayat during a financial year and intimate this to the panchayat concerned. Thereafter, the gram panchayat was to select the beneficiaries from the list of eligible households according to guidelines and priorities fixed, restricting this number to the target allotted. The DDOs and Block Development Officers (BDOs), and not the DRDAs were found to have fixed targets in the districts test checked. Gram sabhas were also not apprised of the target fixed by the DDOs and BDOs.

The target group for houses under the IAY was BPL households, living in rural area. It was noticed that the benefit of construction of 4783 new houses and upgradation of 951 houses was provided to ineligible families during 1997-2002 in the districts test checked. An unauthorized expenditure of Rs. 1138.78 lakh was thereby incurred as detailed below:

(Rupees in lakh)

Name of District	Year	New houses				Upgradation		Total	
		Hilly area		Plain area					
		No.	Amt.	No.	Amt.	No.	Amount	No.	Amount
Pauri	1999-2001	135	29.70	--	--	32	3.20	167	32.90
Dehradun	1998-99	1	0.20	4	0.80	--	--	5	1.00
	1999-2000	37	8.14	71	14.20	15	1.50	123	23.84
	2000-2001	22	4.84	47	9.40	13	1.30	82	15.54
	2001-2002	16	3.52	29	5.80	13	1.30	58	10.62
Nainital	1999-2000	4144	911.68	--	--	869	86.90	5013	998.58
Udham Singh Nagar	1998-99	--	--	5	1.00	--	--	5	1.00
	1999-2000	--	--	100	20.00	--	--	100	20.00
	2000-2001	--	--	81	16.20	9	0.90	90	17.10
	2001-2002	--	--	91	18.20	--	--	91	18.20
Total		4355	958.08	428	85.60	951	95.10	5734	1138.78

Test check revealed improper selection of beneficiaries and allotment of houses to ineligible beneficiaries from non-BPL families.

3.2.9 Other irregularities

(a) Allotment of houses in the name of male members

As per scheme, the houses were to be allotted to female members of the beneficiary household or jointly to the husband and wife.

In test check it was found that 7 to 43 *per cent* of houses constructed were allotted solely to male members of the households during the period 1997-2002.

(b) Physical verification of constructed houses not done

Completion reports for construction of houses prepared by Gram Panchayat Adhikaries were countersigned by BDOs without carrying out any verification. The DDOs / Chief Development Officers also did not arrange to physically verify the construction of such houses, although this was provided for in the scheme.

(c) Non display of IAY board and logo

On completion of dwelling units, the DRDAs concerned were required to ensure that for each house so constructed, a display board was fixed indicating the IAY logo, year of construction, name of beneficiary etc. No such board was, however, displayed in any of the houses in the districts test checked.

(d) Unutilised grant of IAY

Scrutiny revealed that Rs. 21.46 lakh was lying unutilised during 1997-2000 in four districts test checked (Nainital-Rs.7.88 lakh, Pauri-Rs. 7.98 lakh, Dehradun- Rs. 3.53 lakh and Udham Singh Nagar- Rs. 2.07 lakh). On this being pointed out, the Department stated that the amount represented payments withheld from beneficiaries on account of non-construction of sanitary latrines. No recovery proceedings in respect of such beneficiaries were, however, on record.

3.2.10 Monitoring

Poor monitoring of scheme at State, district and block levels

As per scheme, the State Government was required to conduct periodical evaluation/studies on the implementation of IAY with the help of reported information. Monitoring of the scheme at State level was the responsibility of State Level Coordination Committee (SLCC). Similar Committees were to be constituted at district and block level. Although a State Level Vigilance and Monitoring Committee was formed on 1 December 2001 no meeting of the Committee was held (May 2002). No committee at district/block level was formed but the Chief Development Officer, Pauri Garhwal and Project Director, DRDA, Nainital and Udham Singh Nagar misreported to Government regarding their formation and meetings held.

3.2.11 Conclusion

The State Government identified 3.77 lakh BPL families of which 69,892 families i.e.19 *per cent* only were covered in 5 years. 5734 ineligible families were found to have been extended the benefit under the scheme at the cost of eligible families with an unauthorized expenditure of Rs. 1138.78 lakh during the period 1997-2002. 34 to 74 *per cent* of houses constructed / upgraded were not provided with smokeless *chullahs* and 34 to 85 *per cent* were without sanitary latrines which were basic amenities contemplated in the scheme provided in the houses constructed and upgraded. Progress under rural housing schemes launched by Government of India was not satisfactory. Monitoring of the programme was ineffective.

3.3 Swarnajayanti Gram Swarozgar Yojna (SGSY)

Highlights

SGSY, a centrally sponsored scheme to cover 30 per cent of rural families living below the poverty line (BPL) in 5 years (1999-2004) aimed to bring them above the Poverty Line in three years by providing them income generating assets through a mix of bank credit and government subsidy. Preference was to be given to the beneficiaries organised into Self Help Groups (SHGs). The main findings are highlighted below:

> **Out of a total allocation of Rs. 39.56 crore during 1999-2000 to 2001-2002, Rs. 35.83 crore was utilised but physical achievement was only 19.58 *per cent*.**

[Paragraph 3.3.5(b),3.3.7.1,3.3.8]

> **24627 swarozgaris were assisted during 1999-2000 to 2001-2002, of whom 4526 (18.38 *per cent*) only were part of SHGs against a norm of 75 *per cent*.**

[Paragraph 3.3.7.1]

> **Of the individual swarozgaris assisted 38.72 *per cent* were SC/ST, 32.61 *per cent* women and 0.31 *per cent* disabled against the norm of 50, 40 and 3 *per cent* respectively.**

[Paragraph 3.3.7.2]

> **Rs. 349.47 lakh of SGSY infrastructure funds were misused to meet the recurring expenditure on construction of buildings and roads, purchase of equipment and computerisation of blocks, in violation of the scheme guidelines.**

[Paragraph 3.3.9.2 (i), 3.3.9.2(ii)]

> ➢ No training, except basic orientation programme (BOP) training was imparted to swarozgaris assisted under the programme.

[Paragraph 3.3.9.3]

3.3.1 Introduction

Swarnajayanti Gram Swarozgar Yojna (SGSY), a comprehensive self employment programme for the rural poor envisaged organising them into groups in each block, training them in selected key activities chosen by them, bringing updated technology to their doors, looking after their marketing and infrastructural needs etc., was launched in the State on 1 April, 1999. Unspent balances of ongoing anti-poverty schemes, namely, Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Area (DWCRA), Supply of Improved Tool Kits to Rural Artisans (SITRA), Ganga Kalyan Yojna (GKY) and Million Wells Scheme (MWS) were to be pooled under SGSY.

3.3.2 Objectives/Salient features of SGSY

Assisted poor families (Swarozgaris) were to cross the poverty line[∝] in three years by acquiring income-generating assets through a mix of bank credit and government subsidy, earning a monthly net income of at least Rs. 2000 per month after repayment of loan. Thirty per cent of rural BPL families in each block were to be covered in five years.

Swarozgaris could be 'individuals', 'groups' or 'individuals in a group' with the emphasis on groups. Ideally, 10 to 20 Swarozgaris could form a group of which 50 *per cent* in each block would be of women. A ratio of 50 *per cent* SC/ST community members, 40 *per cent* women and 3 *per cent* disabled was to be maintained among the beneficiaries. Gram sabhas were to authenticate the lists of BPL families.

Individuals were be given a subsidy of 30 *per cent* of the project cost, subject to a maximum of Rs. 7,500 but those belonging to SC/ST, were to be provided 50 *per cent* of the project cost subject to a maximum of Rs. 10,000. For Self Help Groups (SHGs) the subsidy was 50 *per cent* of the cost of the project, subject to a ceiling of Rs. 1.25 lakh. No monetary limit was fixed on subsidy for irrigation projects.

[∝] Below Poverty Line i.e. with income below Rs. 20,000 per annum. As per census carried out during the period 1997 to 1999.

3.3.3 Audit Coverage

Records of the Commissioner, Rural Development, Uttaranchal, 4* out of 13 DRDAs and 12 out of 95 blocks for the years 1999-2000 to 2001-02 were test checked during audit in September and October 2002. The test check covered an expenditure of Rs.1,307.00 lakh (36.48 *per cent* of total expenditure of Rs.3582.56 lakh), and 1.19 lakh BPL families (31.56 *per cent* of 3.77 lakh total BPL families).

3.3.4 Organisational structure

The Department of Rural Development in the Ministry of Rural Development, Government of India had overall responsibility for policy formation, monitoring and evaluation of the programme. At the State level, SGSY is administered by the Rural Development Department with a 'Directorate' under the Commissioner, Rural Development. At the district level, the SGSY Committee decides about grant of loan to self-help groups and the District Rural Development Agencies (DRDAs) implement it. At the block level, a block SGSY Committee proposes the key activities and also recommends to the bank cases for grant of loan to beneficiaries.

3.3.5 Funding Pattern

Government of India and State Government funded SGSY in the ratio 75:25. The unspent balances of IRDP, DWCRA, TRYSEM, SITRA, GKY and MWS as on 1 April 1999 were pooled under the programme. Details of funds released and expenditure incurred there against during 1997-98 and 1998-99 under earlier schemes and during 1999-2000 to 2001-2002 under SGSY were as under:

(a) Earlier Schemes merged into SGSY

(Rupees in lakh)

Year	Opening Balance	Central Share	State Share	Total funds available	Expenditure	Closing Balance
1997-98	924.47	2051.62	793.20	3769.29	3018.17	751.12
1998-99	952.94	3271.91	2289.35	6514.20	3720.31	2793.89
Total		5323.53	3082.55	10283.49	6738.48	

(Source – Monthly Progress Reports)

(b) SGSY

(Rupees in lakh)

Year	Opening Balance	Central Share	State Share	Miscellaneous receipts	Total funds available	Expenditure	Closing Balance
1999-2000	940.62	1103.22	243.46	----	2287.30	1119.45	1167.85
2000-2001	1226.47	532.32	232.61	6.44	1997.84	904.50	1093.34
2001-2002	1129.30	464.08	130.55	282.59	2006.52	1558.61	447.91
Total		2099.62	606.62	289.03	6291.66	3582.56	

(Source – Monthly Progress Reports)

* Haridwar, Pauri Garhwal, Pithoragarh and Udham Singh Nagar.

The above tables also show that there were differences between closing balances and the opening balance of succeeding years. Government of India released its share directly to the DRDAs. No efforts were, however, made at the state level to reconcile these differences after identifying the DRDAs/blocks involved.

The funds allocated were to be spent on the following items in the ratio given below:

(i) SGSY Training fund - 10 *percent* of the allocation
(ii) SGSY Infrastructure fund - 20 *percent* of the allocation
(iii) Revolving fund - 10 *percent* of the allocation
(iv) Subsidy Balance - 60 *percent* of the allocation

3.3.6 Planning

In test-checked districts/blocks "5 years perspective plans" were not prepared. Annual block plans only were prepared on the basis of targets fixed for each district by the Commissioner, Rural Development.

In 4 DRDAs test checked, none of the project reports mentioned the number of swarozgaris to be covered though, it was essential for selection of key activities for a block. Backward and forward linkages to existing infrastructure or additional infrastructure needed were, also, not mentioned.

Inevitably, most swarozgaris opted for traditional key-activities like raising of milch cattle or live stock as was in case of IRDP. No visible efforts were made by any DRDA or block to overcome the weaknesses prevailing in earlier poverty elimination programmes.

3.3.7 Physical Performance

3.3.7.1 Shortfall in achievement of targets

Government of India fixed a target of 1.13 lakh BPL families to be covered in 5 years, while the State Government decided to assist 1.26 lakh BPL families* in 3 years (1999-2000 to 2001-2002). As against these targets 0.246 lakh (19.58 *per cent*) families only were, however, assisted till March 2002, as detailed below:

	Target fixed			Achievement				Total	
Year	SHGs	Individual	Total	SHGs	Percentage	Individual	Percentage	Achievement	Percentage
1999-2000	--	--	--	-----	-	5626	-	5626	-
2000-2001	41720	12493	54213	367	0.88	6867	54.97	7234	13.34
2001-2002	62310	9264	71574	4159	6.67	7608	82.12	11767	16.44
Total	104030	21757	125787	4526	4.35	20101	92.34	24627	19.58

(Source – Monthly Progress Reports)

Thus, 80.42 *per cent* of State Government's and 78.20 *per cent* of Government of India's target remained to be covered in the next two years. It was doubtful whether this could be achieved, given the slow progress till March 2002.

* Families or beneficiaries as it includes SHGs also.

The objective of benefiting more self helps groups rather than individuals as envisaged in the scheme remained underachieved as out of 0.246 lakh swarozgaris assisted during these three years, 0.045 lakh (18.38 *per cent*) only were in groups while the remaining 0.201 lakh (81.62 *per cent*) individuals remained unorganised.

3.3.7.2 Non-observance of norms

The norms for coverage of SC/ST, women and the disabled were not adhered to as is evident from the table below:

SHGs

Year	Target	Number of families assisted						
		Total	SC/ST	Percentage	Women	Percentage	Disabled	Percentage
Upto March 2001	41720	367	143		212	------------	-----------	-----------
2001-2002	62310	4159	1378		2479		14	-------
Total	**104030**	**4526**	**1521**	**33.60**	**2691**	**59.46**	**14**	**0.30**

Individuals

Year	Target	Number of families assisted						
		Total	*SC/ST*	*Percentage*	*Women*	*Percentage*	*Disabled*	*Percentage*
1999-2000	--	5626	2202		1831		15	
2000-2001	12493	6867	2739		2267		13	
2001-2002	9264	7608	2846		2457		34	
Total	**21757**	**20101**	**7787**	**38.72**	**6555**	**32.61**	**62**	**0.31**

Thus, the percentage coverage of SC/ST (33.60 *per cent)* and disabled (0.30 *per cent*) in SHGs and in case of individuals, the percentage of SC/ST (38.72 *per cent*), women (32.61 *per cent*) and disabled (0.31 *per cent*) were below the norms.

3.3.8 Financial Performance

During the years 1999-2000 to 2001-2002, against an allocation of Rs.3,955.50 lakh, Rs. 3,582.56 lakh (90.57 *per cent*) only were utilised. Against this the physical achievement was only 19.58 *per cent* (para 3.3.7.1).

SHGs share in credit and subsidy remained low

(Rupees. in lakh)

Year	Allocation	Expenditure	Amount of subsidy paid			Amount of bank loan		
			SHGs	Individuals	Total	SHGs	Individuals	Total
1999-2000	1947.50	1119.45	--	468.17	468.17	--	1123.91	1123.91
2000-2001	1272.60	904.50	36.18	538.93	575.11	60.14	1346.18	1406.32
2001-2002	736.40	1558.61	394.02	572.16	966.18	573.02	1364.58	1937.60
Total	**3955.50**	**3582.56**	**430.20**	**1579.26**	**2009.46**	**633.16**	**3834.67**	**4467.83**

(Source – Monthly Progress Reports)

The above table shows that swarozgaris in SHGs were paid a subsidy of Rs. 430.20 lakh (21.41 *per cent*) and bank loan of Rs. 633.16 lakh (14.17 *per cent*) only, whereas individual swarozgaris received Rs. 1,579.26 lakh (78.59 *per cent*) as subsidy and Rs. 3,834.67 lakh (85.83 *per cent*) as loan from banks. Clearly, the DRDAs did not fulfill their expected role in inducing social mobilisation leading to formation of SHGs who would have better access to credit, technology, marketing facilities etc.

Banks charged interest ranging from 11 *per cent* to 12 *per cent* from swarozgaris despite being eligible for re-finance from NABARD at rates of 6.5 *per cent* and 9 *per cent* on loans upto Rs.25,000 and above Rs.25,000 and upto Rs.2.00 lakh respectively in respect of farm sector and Industry Service Business (ISB) activities under SGSY.

3.3.9 Programme Implementation

3.3.9.1 Revolving Fund

Every SHG in existence for six months and placed in Grade-I was entitled to receive a Revolving Fund (RF) of Rs.25000, Rs.10,000 of which would be given by the DRDA and Rs.15,000 loaned by the bank. It was observed that out of 2283 SHGs in the State who were in Grade-I till 31 March 2002, 2053 SHGs only were provided RF.

Similarly, in the blocks test checked, out of 295 SHGs in Grade-I, 206 (69.83 *per cent*) only were provided with RF

The reasons for not providing RF to the remaining SHGs were not on record.

3.3.9.2 Infrastructure creation

3.3.9.2 (i) Irregular payment from Infrastructure fund

Fixed costs only could be met out of SGSY fund provided concerned State Government organisations undertook to meet the recurring expenditure on staff and other items. During the year from 1999-2000 to 2001-2002 Rs.39.28 lakh (Haridwar Rs. 25.52 lakh and Udham Singh Nagar Rs.13.76 lakh) were, however, paid to an NGO, Bhartiya Agro Industrial Foundation, Allahabad, working on artificial insemination of cattle, towards recurring expenditure on staff.

3.3.9.2 (ii) Misuse of infrastructure fund

Provision of infrastructure was, essentially, the responsibility of the State Government. SGSY infrastructure funds were meant to bridge critical gaps in existing infrastructure but not to create new infrastructure or to augment or develop the resources of the State Government. However, Rs. 310.19 lakh of SGSY funds were found to have been misused as discussed below:

(a) Construction of buildings

Test-check revealed that Rs. 165.05 lakh were provided by DRDAs to Animal Husbandry Department, Sahakari Dugdha Sanghs and other departments for construction of buildings, seminar hall, pashu sewa kendra, work-sheds, poly houses and chilling plant and for purchase of bulk milk cooler etc. (*Appendix XX*).

(b) Computerisation of blocks

Rs.134.90 lakh was collected through Rural Development Department by 13 DRDAs from SGSY funds and utilized for computerisation of blocks, in violation of guidelines.

(c) Construction of roads

Rs. 10.24 lakh was spent by DRDA, Pauri Garhwal, out of SGSY infrastructure fund, on construction of roads against the provisions of the scheme.

3.3.9.3 Training

Training needs of swarozgaris identified for assistance were to be ascertained with reference to minimum skill requirement (MSR) for imparting basic orientation programme (BOP) training as well as training for skill upgradation. It was noticed that only BOP training was imparted to swarozgaris.

3.3.10 Special Projects

3.3.10.1 During test check of records, it was observed (September, 2002), that Uttar Pradesh Apex Rural Marketing and Supply (UPARMAS) had transferred Rs.120 lakh to Uttranchal in February 2001 for constructing 'Saras' marketing centres in Haridwar, Nainital and Dehradun. No marketing centre was however, constructed in any of the three districts. The entire amount is lying unutilised.

3.3.10.2 A special project for mushroom production in three districts (Almora, Nainital and Udham Singh Nagar) was sanctioned by Government of India, Ministry of Rural Development in March 2000. The aim of the project was to benefit 10,000 swarozgaris, by providing them bank loan of Rs. 1,775 lakh out of which Rs. 1,025 lakh was to be shared by Government of India and State Government in the ratio of 75:25. The first instalment of Central share of Rs. 384.38 lakh and State share of Rs. 128.12 lakh was released in March 2000. The project was to be completed by March 2002.

Scrutiny revealed that out of Rs. 140 lakh deposited with the banks to provide subsidy, 63 (0.63 *per cent*) swarozgaris only were given Rs. 4.62 lakh as subsidy by banks against loan of Rs. 14.07 lakh.

3.3.11 Monitoring and Evaluation

Recognising the fact that it was not sufficient to provide assets to the swarozgaris through subsidy and loan, SGSY emphasized continuous follow up by DRDA/Block officials and bankers to see that swarozgaris were properly managing these assets to generate the projected income.

Block/DRDA officials were required to physically monitor all aspects of the programme by inspection of families through field visits as specified below:

Chairman DRDA - 10 per month, Project Director DRDA - 20 per month, Project officer and Project Economist - 40 per month, BDOs - 20 per month and ADOs - 20 per month.

Chairman, DRDA was also required to prescribe suitable number of field visits for the officers of the line departments and obtain their inspection reports.

In the DRDAs/blocks test checked, no inspection reports/registers were shown to Audit. Field visits were, however, said to have been made by Director, Block Development Officer and Assistant Development Officer as shown in the table below during the period 1999-2002.

Sl. No	District	Target	Number of families inspected by Project Director	Percentage	Number of Blocks checked	Target (1440 per Block)	Number of families inspected by BDOs/ ADOs	Percentage
1	Haridwar	720	450	62.5	3	4320	432	10
2.	Udham Singh Nagar	720	150	20.8	3	4320	260	6.01
3.	Pithoragarh	720	30	4.16	2	2880	201	6.98
4.	Pauri Garhwal	720	NA	--	4	5860	835	14.25

(Source – Monthly Progress Reports)

Reasons for shortfall in inspection were not given. At the state and district levels the monitoring of the programme was confined to compilation of monthly progress reports (MPRs) received from DRDAs and blocks respectively.

Substantial differences between closing balances of the year and opening balances of the next year received no attention. No appraisal of these reports was undertaken for follow up action. Evaluation studies on the implementation of the programme were required to be conducted by the State and could be given to reputed institutions/organisations. Copies of these studies were to be furnished to Government of India and remedial action taken on the basis of these studies. No such study was conducted.

3.3.12 Impact Assessment

3.3.12.1 Poor performance of the SHGs

In 12 blocks test checked, out of 828 SHGs formed only 295 SHGs (35.63 *percent*) could clear Grade-I (eligible to get revolving fund) and 99 SHGs

(11.96 *per cent*) Grade-II (eligible to receive economic assistance) against which only 68 SHGs (8.21 *per cent*) took up economic activities.

3.3.12.2 Credit subsidy ratio

Out of 12 blocks test checked, none of the blocks showed the amount of subsidy and credit separately in the proforma provided for financial progress. Hence, the exact ratio of subsidy and credit could not be ascertained.

3.3.12.3 Efficiency in delivery of credit by banks

Lack of efficiency in delivery of credit by banks was noticed in all the blocks test checked. Out of 4,219 proposals submitted to banks, loan was sanctioned in 2,374 (56.27 *per cent*) cases and disbursed in 2,215 (52.5 *per cent*) cases. It was also observed that contrary to the policy of encouraging groups, the maximum number of loans were disbursed for milch cattle and livestock based activities undertaken by individual swarozgaris and least preference was given to swarozgaris in groups.

3.3.12.4 Income of swarozgaris

SGSY envisaged that all the swarozgaris would cross the poverty line in three years. Though, the programme had completed three years as of 31 March 2002 none of the swarozgaris had completed 3 years till then as the work of identification of swarozgaris was taken up by the DRDAs blocks after August 1999. In 18 Gram Panchayats test checked, out of 75 swarozgaris only 21 had generated incomes above Rs.2,000 per month.

3.3.13 Conclusion

There was no significant achievement under SGSY during first three years and none of the objectives was fully achieved. During this period only 0.246 lakh (19.59 *per cent*) BPL families were assisted. Emphasis was not laid on groups as envisaged and remained on individuals. Out of 0.246 lakh swarozgaris assisted, only 0.045 lakh (18.38 *per cent*) were members of groups, though major share of assistance (75 *per cent*, both physical and financial) was to be provided to them as per RBI/NABARD guidelines. Of the swarozgaris assisted, only 38.72 *per cent* were SC/ST, 32.61 *per cent* women and 0.31 *per cent*, disabled as against the norms of 50, 40 and 3 *per cent* respectively. Technology management, market support and training for skill upgradation were also not taken up despite availability of funds. The infrastructure fund was misused for construction of departmental buildings, purchase of equipment, construction of roads and computerization of blocks etc., in violation of the scheme guidelines. These lacunae adversely affected the performance under the programme and none of the objectives could be fully achieved.

SECTION - B: PARAGRAPHS

FOREST DEPARTMENT

3.4 Unfruitful Expenditure

Division incurred an expenditure of Rs. 32.23 lakh, which was not in accordance with the objective of the centrally sponsored scheme.

The Integrated Afforestation and Eco Development Project (Project) sanctioned for five years (1997-98 to 2001-02) which was fully funded by the Central Government, included a component named 'Natural Regeneration.' This component envisaged restoration, rehabilitation and improvement of oak forests. 1000 hectare degraded oak forest was to be rehabilitated under this component by planting 250 hectares annually. In order to improve natural regeneration, the planting methodology stipulated that 250 oak plants per hectare were to be planted in the gaps available and 750 plants per hectare were to be nursed by silvicultural operations like singling, lopping and pruning. To achieve the objective, 2.5 lakh plants of oak species were required to be planted during the project period.

A test check (May 2002) of records of Divisional Forest Officer (DFO), Soil Conservation Forest Division, Nainital revealed that only 0.71 lakh oaks were planted against the target of 2.50 lakh. The gap was filled by planting 1.79 lakh plants of Pine, Deodar, Acacia, Tun and other miscellaneous species.

Plantation of other species of plants deprived the local population of the benefits of oak plantation in term of fodder, fuel, small timber and manure, defeating the socio-economic objectives of the scheme.

On this being pointed out, it was stated by the D.F.O. (May 2002) that due to non availability of proper land, unwillingness of villagers and as per general order of the Government for plantation of 20 per cent fruit plants, 100 per cent oak plants could not be planted. The reply was not tenable as non-plantation of oak plants defeated the very purpose of this component of the project, *viz.* natural regeneration of oak forests to meet the fuel, fodder, timber and other needs of the local population. Moreover, none of these alternative species was a fruit tree.

Thus, the expenditure of Rs. 32.23 lakh (proportionate) failed to achieve the desired socio economic objectives.

The matter was reported to Government (July 2002); reply is awaited (June 2003).

HOME (POLICE) DEPARTMENT

3.5 Idle investment on construction of Police Lines

Investment of Rs.3.01 crore on construction of buildings remained idle due to non-shifting of Police Lines.

The Government sanctioned the expenditure of Rs.3.66 crore, in phases between December 1992 and March 1997, for the construction of 53 residential and 5 non-residential buildings by the Uttar Pradesh Police Awas Nigam for Police Department (Department) along with infrastructural facilities at Roshanabad, Haridwar. The work was completed in March 1999 at a cost of Rs.3.63 crore. The Department took possession of all buildings, which were provided with regular water and power connections, in July 1999.

Test-check (October 2001) of records of the Superintendent of Police (SP), Haridwar and information collected (April 2002) revealed that only one residential (SP's residence) and one non-residential (SP's office) building valuing Rs.0.62 crore had been utilized by the Department. The remaining buildings valuing Rs.3.01 crore remained vacant. The Police Lines continued to operate in premises hired at a rent of Rs.0.53 lakh per month. The Department accumulated an avoidable liability of Rs.18.24 lakh as rent for these premises and paid house rent allowance of Rs.5.70 lakh to staff till March 2002. The Department also incurred a liability of Rs.14.26 lakh as minimum electricity charges of vacant buildings.

S.P. Haridwar in his reply to audit observation stated (October 2001) that shifting of the Police Lines was not possible due to (a) non-provision of boundary wall (b) inadequate provision of water supply, and, (c) the distance of the building from the city.

The reply was not tenable as the SP's office and residence in the same campus had been occupied and were in regular use.

Thus, investment of Rs.3.01[^] crore on construction of buildings remained idle due to non-shifting of Police Lines. The accumulation of liabilities of Rs. 32.50 lakh (rent: Rs. 18.24 lakh and electricity charges: Rs. 14.26 lakh) and expenditure of Rs.5.70 lakh on house rent allowance could also have been avoided had the buildings been occupied in May 1999.

The matter was referred to Government in March 2002; reply had not been received (June 2003).

[^] Rs. 3.63 crore - Rs. 0.62 crore; (SP residence, office)

MEDICAL, HEALTH AND FAMILY WELFARE DEPARTMENT

3.6 Infructuous expenditure on establishment of Blood Bank

Expenditure of Rs. 19.69 lakh on establishment of blood bank became infructuous due to non-posting of staff for the last three years.

In order to overcome the problem of storage of blood and make it readily available to needy patients, the Chief Medical Superintendent (CMS), District Hospital, Gopeshwar, Chamoli, (Hospital) applied (July 1996) to the Drug Controller, U.P., Lucknow for issue of a license and for the establishment of a blood bank at the Hospital. In January 1997 CMS submitted a proposal to the Director (Medical), Office of the Director General, Medical Health Services,U.P., Lucknow for sanction of posts, appointment of staff and allocation of funds. These proposals mentioned that three rooms were available at the Hospital for the blood bank. The Central Hospital Fund Committee (CHFC), Medical, U.P. Government, Lucknow sanctioned (February 1997) Rs. 19.69 lakh (Buildings: Rs. 12.72 lakh, Equipments: Rs. 6.47 lakh; and leveling of land: Rs. 0.50 lakh) for establishing blood bank at Chamoli. The sanction order stipulated completion of works by October 1997.

Test check (October 2001) of records of the CMS Hospital and information collected (April 2002) from office of the Director General, Medical, Health and Family Welfare (DGMHFW), Uttaranchal revealed that the CMS released (May 1997) Rs. 12.72 lakh to Public Works Department (PWD) for construction of the building and retained Rs. 6.97 lakh. The building valuing Rs. 12.72 lakh was handed over (January 1999) by the PWD. The CMS spent (between October 1997 to March 1999) Rs. 6.47 lakh on procurement of equipments and Rs. 0.50 lakh on leveling of land. The blood bank could not, however, be made functional even after lapse of three years for want of the requisite staff. There was, however, nothing on record in the Directorate to indicate whether the proposal for sanction of staff was sent to the Government by the Directorate.

On this being pointed out (October 2001) the CMS stated (October 2001) that the blood bank would be made functional only after appointment of the requisite staff. The DGMHFW admitted (April 2002) that information regarding action taken for creation of posts and appointment of staff for blood bank was not available with them.

The sanction for construction of building was issued by CHFC and funds were released by CMS although rooms were available at the Hospital for the blood bank. The building and equipments procured were lying idle for want of appropriate action for sanction of requisite posts and appointment of staff.

Thus, the expenditure Rs. 12.72 lakh on construction of the building was unwarranted and Rs. 6.97 lakh spent on procurement of equipments and leveling of land remained unfruitful.

The matter was referred to the Government in May 2002; reply has not been received (June 2003).

3.7 Unfruitful expenditure on Ayurvedic Doctors

Non-utilisation of services of 33 Ayurvedic Medical Officers posted in Allopathic Hospitals of districts Almora and Bageshwar due to the failure in providing medicines accounted for unproductive expenditure of Rs.4.75 crore.

To provide medical care in rural areas of hill districts, the Government decided (July 1987) to appoint Allopathic/Ayurvedic/Homeopathic doctors on part time basis against a large number of vacancies of Allopathic Medical Officers. Subsequently, sanction was accorded (October 1991) for ad hoc appointment of these part time doctors, who had joined before 17 May 1990.

Test-check (May 2001) of records of Regional Ayurvedic and Unani Officer (RAUO), Almora and further information collected (October 2001) revealed that 591 serving part time Medical Officers satisfying the above condition were appointed on ad hoc basis in February 1992. Out of these, 26 Ayurvedic doctors, alongwith 7 regular Ayurvedic doctors, selected by the Public Service Commission, were posted (March 1992–September 1998) in Allopathic hospitals in Almora and Bageshwar districts under the administrative control of Chief Medical Officer (CMO), Almora. Their pay and allowances were being drawn/disbursed by RAUO, Almora from the date of their joining against 335 posts of Medical Officers of Ayurvedic cadre transferred from the plains to the hill districts in April 1992.

Further, Government also directed (June 1992) that these ad hoc medical officers would follow their own system of treatment with a view to optimising the growth and development of Ayurvedic and Unani systems of medicine. Scrutiny, however, revealed that Ayurvedic and Unani medicines were neither provided/supplied to these Allopathic hospitals nor were any prescriptions written by these Ayurvedic doctors as of May 2002.

On this being pointed out, CMO, Almora stated (October 2001) that budget allotment for providing/supplying Ayurvedic and Unani medicines to the Allopathic Hospitals had not been made for the last five years.

Thus, the services of 33 Ayurvedic doctors were not utilised at all as they neither provided medical advice by writing prescriptions for patients nor practiced their system of medicine because of non-availability of Ayurvedic & Unani Medicines. Thus, Rs.4.75 crore spent on their pay & allowances during the last seven years i.e., March 1996 to March 2002 proved unfruitful due to improper planning and failure of man-power management at Government level.

The Government in its reply (November 2002) intimated that services of Ayurvedic doctors were utilised in National Family Welfare Programme, Information, Education and Extension Programmes etc. Their services were also utilised in eradication of Leprosy, Pulse Polio Programme as well as in prevention of contagious diseases and epidemic. The reply is not tenable as main function of these doctors was to provide Ayurvedic treatment to patients with a view to optimise the growth and development of the Ayurvedic and Unani systems of medicine. Thus, utilisation of services of these doctors only in the above programmes/schemes was against the provisions of Government directives issued in June 1992.

TOURISM DEPARTMENT

3.8 Unwarranted release and blocking of funds

Release of Rs. 1.40 crore to executing agencies for construction works without ensuring the availability of site led to unwarranted retention of Government funds for 3 to 9 years and resultant loss of interest of Rs. 66.77 lakh on idle funds.

To extend basic amenities to tourists visiting hill areas of Kumaun and Garhwal Regions, the Government approved construction of seven Wayside Amenity Centres* (WACs) and four Eco-tourism Garbage Disposal Systems (EGDS) (one each at Rishikesh, Badrinath, Mussoorie and Nainital) at an estimated cost of Rs. 3.31 crore (WACs: Rs.2.38 crore and EGDS: 0.93 crore) between 1990-91 to 1998-99 and sanctioned Rs. 1.22 crore* for construction of 7 WACs and Rs. 0.18 crore for construction of EGDS during these years. The construction works of WACs and EGDS were entrusted to Garhwal

*

Sl.No	Particular	Place	Year of Release	Rs. in lakh
1.	Road facility	Kempty fall	1991-92	10.68
2.	Road facility	Sahastra Dhara	1991-92	9.30
3.	Prefabricated Hut	Hanuman Chatti	1996-97	21.25
4.	Prefabricated Hut	Phool Chatti	1996-97	23.20
5.	Paryatak Awasgrih	Halon	1997-98	10.00
6.	Janta Yatri Niwas	Gayansoo	1999-02	39.25
7.	Prefabricated Hut	Binsar	1998-99	8.00
	Total			**121.68**

Mandal Vikas Nigam and U.P. Jal Nigam Limited respectively by the Government.

Test check of records (July 2001) of Director, Tourism Department, Dehradun (Department) and further information collected (July 2002) revealed that the Department released Rs.1.40 crore to the respective executing agencies during the years of the sanctions without ensuring the availability of land. Further, construction work of three WACs and two EGDS for which Rs. 54.45 lakh was released had not been started as of June 2002 as the Department failed to provide the site to the executing agencies. Construction of the remaining four WACs and two EGDS was started (October 2001) but work on three WACs had to be stopped (March 2002) due to disputes regarding the ownership of land. Two EGDS were lying incomplete due to paucity of funds. Construction of one WAC (Janta Yatri Niwas) was in progress as of July 2002. Scrutiny also revealed that no efforts were made by the department either for acquisition of the land or to get the unutilized amount of Rs. 1.40 crore advanced to the executing agencies, refunded. Thus defective planning by the Department and premature release of funds to the executing agencies led to the blocking of Rs. 1.40 crore besides, putting the state exchequer to a loss of Rs.66.77 lakh as of March 2002 as interest on idle funds at the borrowing rate of the Government varying between 11.90 *per cent* and 13 *per cent* per annum during the year from 1991-1992 to 2001 - 2002.

On this being pointed out, the Government admitted (July 2002) the failure on their part in non-recovery of unutilized amount from the executing agencies and also admitted that construction work of three WACs and two EGDS was not taken up due to non-availability of land. Besides construction of three WACs had been stopped due to disputes relating to ownership of land and two EGDS were lying incomplete due to paucity of funds as of July 2002. Government also stated that orders for refund of Rs. 21.25 lakh released for construction of one WAC (prefabricated Hut at Hanumanchatti) had been issued.

Thus, release of funds to the executing agencies without ensuring the availability of land coupled with failure of Department in making the site available during the long spell of 3 to 9 years while allowing the retention of the Government money with the executing agencies at the cost of the state exchequer indicated defective planning by the Department and a disregard for the financial rules. Further, the objective of promotion of tourism in the hill areas by providing basic amenities to the tourists was also defeated.

3.9 Unfruitful expenditure and blocking of funds on construction of Tourist Cottages and Sulabh Shauchalaya

Commencement of work without following essential procedures accounted for stopping of construction midway after incurring an expenditure of Rs. 17.01 lakh and blocking of Rs. 43.17 lakh with the executing agencies for the last 5 to 14 years.

Financial rules provide that no work should commence on a piece of land, which has not been duly acquired by the Department. Further, prior approval of Government of India for use of reserve forest land for non-forest purposes is necessary under the Forest Conservation Act, 1980.

Test check (July 2001) of records and further information collected (April 2002) from Director, Tourism, Uttaranchal, Dehradun (Director) revealed that to provide adequate facilities to tourists, Government sanctioned the construction of two tourist cottages, one each at Sat-tal (Nainital) and Chopata (Chamoli) and one Sulabh Shauchalaya at Hanuman Chatti (Uttarkashi) at a total estimated cost of Rs. 112.68 lakh* during 1986-96 and entrusted the construction works simultaneously to three different executing agencies♣. Scrutiny further revealed that Director released Rs.60.18 lakh to the construction agencies and sites were also made available to them without getting the title of the land in favour of the department in two cases♥ and without obtaining prior approval from the Ministry of Environment and Forest, Government of India in all the cases. Further, while the works were in progress and expenditure of Rs. 17.01 lakh (Sat-tal: Rs. 7.60 lakh, Chopata: Rs. 5.25 lakh and Hanuman Chatti: Rs. 4.16 lakh), had been incurred, the construction of tourist cottage at Sat-tal and Sulabh Shauchalaya at Hanuman Chatti were stopped by the Forest Department in May 1990 and in May 1997 respectively, as the construction of these tourist cottages was on forest land and prior approval of Government of India had not been obtained. Similarly the work of Tourist Cottage at Chopata was also stopped in October 1996 after stay order granted on public interest litigation (PIL) by Hon'ble High Court at Allahabad on the ground that the construction of the cottage would destroy the virgin forest and disrupt ecological balance of the area. Since then, the works were lying incomplete for want of clearance from Government of India for use of forest land for non-forest purposes and vacation of stay order in case of Tourist Cottage at Chopata.

In reply, the Department stated (April 2002) that due to interference of Forest and Environment Department and also stay order granted by Hon'ble High Court, the works were stopped.

* Sat-tal : Rs.14.56 lakh; Chopata : Rs.91.18 lakh; Hanumanchatti : Rs.6.94 lakh.

♣ 1. Tourist cottage at Sat-tal - Kumaon Mandal Vikas Nigam 2. Tourist cottage at Chopata - Garhwal Mandal Vikas Nigam and 3. Sulabh Sauchalaya at Hanuman Chatti - Bhartiya Rachanatmak Karya Sansthan, Dehradun.

♥ Tourist cottage at Sat-tal and Sulabh Sauchalaya at Hanuman Chatti.

Failure of the department in obtaining clear title of land in favour of the department in two cases and commencement of work without obtaining prior approval from the Ministry of Environment and Forest, Government of India, led to the stoppage of work as of date, besides rendering the expenditure of Rs.17.01 lakh unfruitful and blocking of funds of Rs.43.17 lakh* with the executing agency for the last 5 to 14 years. Besides, there was loss of Rs. 60.11 lakh at the prevailing borrowing rates of the Government.

The matter was referred to the Government (February 2002); reply had not been received (June 2003).

* Sat-tal; Rs 6.96 lakh, Chopata; 34.75 lakh and Hanumanchatti; 1.46 lakh

CHAPTER – IV

WORKS EXPENDITURE

SECTION 'A' : REVIEW

PUBLIC WORKS DEPARTMENT

4.1 Working of Public Works Department including Manpower Management

Highlights

A review of Public Works Department including manpower management revealed that management of projects, finances and manpower was grossly inadequate. PWD did not have basic road data relating to traffic density for fixing priorities for the widening and strengthening of roads. Delays in construction of roads, ranging from 2 to 22 years, were noticed, mainly due to non-acquisition/delay in acquisition of forest land. Besides entailing cost over-run, these delays deprived the public of the contemplated benefits. Avoidable extra expenditure was incurred due to non-adoption of Indian Road Congress specifications. Arbitrary allotment of funds resulted in several divisions not having sufficient work to justify their continuance. Some of the main issues are highlighted below:

> **Gross violation of financial rules was noticed, including diversion of funds (Rs 3.12 crore) and violation and irregular utilisation of Cash Credit Limit and fictitious booking of expenditure (Rs 1.78 crore).**

[Paragraph 4.1.4.3 to 4.1.4.6]

> **Liabilities of Rs. 5.76 crore created during December 2000 to June 2002 remained undischarged as of August 2002.**

[Paragraph 4.1.4.7]

> **Miscellaneous Works Advances of Rs. 2.75 crore remained unadjusted in 10 divisions even after a lapse of 1 to 28 years.**

[Paragraph 4.1.5]

> **There were delays in construction of roads ranging from 2 to 22 years, mainly due to non-acquisition /delayed acquisition of forest land.**

[Paragraph 4.1.8.1]

> **Extra expenditure of Rs.1.43 crore was incurred on excess consumption of bitumen during 2001-02.**

[Paragraph 4.1.10(a)(b)]

> **An extra liability of Rs. 2.43 crore per annum was being incurred on retention of staff in excess of sanctioned strength.**

[Paragraph 4.1.14.1]

> **Twenty six to forty two divisions remained under-utilised to the extent of 25 to 100 *per cent* during 2000-2001 and 2001-2002.**

[Paragraph 4.1.14.3]

4.1.1 Introduction

Roads enable the speedy and economical movement of goods and passengers and form a vital part of the infrastructure for economic development of the State. A proper and well maintained network of roads is essential for Uttaranchal, a land locked state with negligible rail and air connectivity. The Public Works Department (PWD) was mainly responsible for planning, construction, widening and strengthening of the roads as well as the maintenance of 16430 kms (97 *per cent*) of a total of 16968 km roads of various categories in the state. Against the Indian Road Congress (IRC) recommendation in the Road Development Plan (1982-2001) of providing 40 km road per 100 square km of area, it was 31.80 km per 100 square km in Uttaranchal by the end of March 2002, a shortfall of 4432 km, i.e., 21 *per cent*.

4.1.2 Organisational set-up

The PWD is headed by a Secretary at Government level. Chief Engineer (CE), level-I is the head of the department assisted by 2 CEs – level II and 12 Superintending Engineers (SEs) responsible for implementation of the projects/schemes. Executive Engineers (EEs) are in charge at the divisional level assisted by Assistant Engineers (AEs) at the sub-divisional level.

4.1.3 Audit Coverage

Uttaranchal state came into being on 9th November 2000 on reorganisation of the erstwhile state of Uttar Pradesh, comprising 13 districts[ϕ]. Separate Public Works Department of Uttaranchal also started functioning from that date, and hence the period from 9 November 2000 to March 2002 has been generally

[ϕ] Dehradun, Hardwar, Uttarkashi, Chamoli, Pauri,Tehri, Rudra Prayag, Udham Singh Nagar, Nainital, Champawat, Pithoragarh, Almora and Bageshwar covered in the review. Records were test checked in the offices of the CE, level-I, CEs – level II*, 2 SEs* and 10 EEs* during the period from April to June and October 2002.

4.1.4 Financial Management

4.1.4.1 Budget allotment and expenditure

(a) The allotment and expenditure for the year 2000-01 and 2001-02 is given below:

(Rupees in crore)

Year	Allotment	Released	Expenditure	Savings
2000-01 (09.11.2000 to 31.03.2001)	84.29	84.29	84.29	Nil
2001-02	374.71	319.19	276.46	42.73 (13 *per cent*)

The department attributed (July 2002) the shortfall in expenditure to non-completion of formalities such as obtaining technical sanctions, inviting tenders and their finalisation by March 2002 for works sanctioned during 2001-02.

(b) Scrutiny of records of the Provincial Division, Dehradun revealed that the State Government incorrectly allotted funds under different heads, with expenditure being booked accordingly as detailed below:-

Sl. No.	Amount (Rs. In lakh)	Allotted/booked under	Actually pertained to
1.	48.01	2059-Public Works	4059-Capital outlay and Public Works
2.	17.22	5054-Capital outlay on Roads and Bridges	2245- Relief on account of Natural Calamities
3.	30.79	5054-Capital outlay on Roads and Bridges	4059-Capital outlay and Public Works

The value of the assets of the State Government would, thus, be incorrectly depicted in various books of accounts.

4.1.4.2 Irregular drawal/retention of money

According to Government orders, money for carrying out works of district sector could be drawn from treasury on the basis of actual quarterly requirement. However, Rs.46.38 crore were drawn by the department during 2001-2002 and kept under the head 'Deposit', out of which Rs.33.15 crore only was spent by the end of March 2002. This not only inflated the expenditure figures by Rs.13.23 crore but by keeping the amount under "Deposit" beyond the end of the financial year, legislative control over the budget was also diluted. There was no further physical progress of works as of July 2002.

Test check of records of Provincial Division, Dehradun further revealed that

*CEs level-II- Pauri Garhwal and Almora; SEs-Pauri Garhwal and Almora; EEs-Provincial Division -Ranikhet, Bageshwar, Almora, Champawat and Dehradun, Construction Divisions- Ranikhet, Lohaghat and Okhimath; Temporary Construction divisions - Kirtinagar and Thatude (Dehradun).

out of Rs.1.68 crore drawn during 2000-01 and kept under "Deposit", only Rs.0.35 crore (21 *per cent*) were spent by the EE, and Rs.1.33 crore remained unspent as of March 2002.

4.1.4.3 Diversion of funds

Rs.3.12 crore were diverted during 2001-02 from one work to another by Provincial Division, Dehradun (Rs.2.28 crore), Bageshwar (Rs.0.78 crore) and Temporary Construction Division, Kirtinagar (Rs.0.06 crore) in contravention of departmental orders in this regard. Consequently, the works for which these allotments were actually made could not be completed.

4.1.4.4 Absence of financial control

CE, Dehradun sanctioned (October 2000) the repair of his office building, purchase of furniture and furnishing (Rs.22.85 lakh) and the construction of two residential flats (Rs. 51.66 lakh) for officers of PWD in Dehradun and ordered that all divisions of Garhwal and Kumaun zones would provide funds for these items out of their allotments for works. Accordingly, the divisions provided Rs.35.90 lakh to EE, Provincial Division, Dehradun who, however, spent Rs.49.61 lakh on repair of office building and furniture/furnishing (Rs.22.85 lakh) and construction of flats (Rs. 26.76 lakh) and thus created a liability of Rs.13.71 lakh (31 March 2002). Construction of one flat had been completed by March 2002 and the other one was lying incomplete (September 2002). No technical sanctions were obtained for construction of these flats. On this being pointed out, EE, Provincial Division, Dehradun stated that the amounts were included in technical sanctions of works from which these amounts were diverted. Reply is not tenable as technical sanction for construction of flats was necessary to ensure that proposal was structurally sound and estimates were accurately prepared based on adequate data.

Thus, diversion of funds from sanctioned works to unsanctioned ones and construction of buildings without technical sanction indicated a complete absence of financial and administrative control.

Besides, diversion of funds affected the progress of work for which these funds were actually meant.

4.1.4.5 Violation of Cash Credit Limit (CCL)

According to Government's orders, divisions were required to contain quarterly expenditure within the CCL communicated to them. All payments on works, including Income Tax, whether paid by cheque/cash or by book transfer to the concerned department constituted expenditure. Provincial Divisions, Bageshwar and Dehradun, credited Rs.83.97 lakh deducted from contractors' bill during 2000-01 and 2001-02, on account of Income Tax by book transfer to the concerned department. They, however, utilised the above amount again by issuing cheques to contractors on the plea that the amount of

Income Tax was not paid by cheque/cash, and was therefore, available for utilization within CCL. This was not correct as the Income Tax was deducted from the payments made to the contractors and formed part of the total expenditure. Its non-inclusion defeated the purpose of issue of CCL as the total expenditure could not be contained within the CCL.

On this being pointed out, EE, Provincial Division, Dehradun stated (September 2002) that correct system as pointed out by Audit would be followed in future. There was no reply from Provincial Division, Bageshwar.

4.1.4.6 Irregular utilisation of CCL and fictitious booking of expenditure

(a) Provincial Division, Bageshwar awarded three* works relating to Pradhan Mantri Gram Sadak Yojna (PMGSY) to 2 contractors in October 2001 (one work for Rs.1.46 crore) and November 2001 (two works for Rs.3.39 crore) for completion by June and July 2002 respectively. Bitumen worth Rs.0.40 crore was included in the estimates for these works. The agreements did not provide either for the supply of bitumen or for the grant of advance to the contractors for this purpose.

The division, however, issued two bank drafts for Rs.0.20 crore each to M/S Bharat Petroleum (BP), Bareilly and two drafts for similar amounts to Indian Oil Corporation (IOC), Mathura as well as a cheque of Rs.0.09 crore to a contractor for procurement of bitumen. The entire amount of Rs.0.89 crore was, however, directly debited to the above works.

Thus, EE committed serious financial irregularities by (i) ordering material which he had no obligation to supply, (ii) ordering material in excess of the quantity required as per estimates by Rs. 0.49 crore, including irregular advance of Rs. 0.09 crore to a contractor, and, (iii) fictitiously debiting Rs. 0.89 crore to works, resulting in artificial inflation of expenditure figures.

As of May 2002, bitumen was not received in the division either from BP or from IOC.

In reply, EE stated (May 2002) that bitumen was ordered for purchase and debited to works to avoid lapse of budget and CCL. The reply indicated that the utilization of allotment/CCL was manipulated to bypass the financial rules.

(b) Provincial Division, Bageshwar received Rs. 1.70 crore on 19 March 2002, to be spent by the end of March 2002 for construction of Kausani-Baijnath-Bageshwar road. The entire amount was drawn and transferred to Construction Division, Ranikhet for purchase of bitumen though bitumen worth Rs. 80.79 lakh only was required as per preliminary estimates. Cross check of the records of Construction Division, Ranikhet revealed that no order

* 1. Kapkot-Sama-Tejam Motor Road (chainage km 53-62)
2. Kapkot-Rindan glacier Motor Road (chainage km 12.75-14.75)
3. Bageshwar-Dopharh-Dharamghar-Kotmanya Motor Road (chainage km 32-39)

was placed for bitumen and the amount was lying unspent, as of June 2002. This drawal, too, was made to avoid lapse of budget.

4.1.4.7 Liabilities

According to financial rules, no works should be undertaken unless adequate funds are available for payment. However, Provincial Division, Dehradun spent Rs.5.76 crore on construction/repair of roads, residential/non-residential buildings etc. during December 2000 to June 2002 without ensuring the availability of funds. No justification was recorded in the files for spending without allotment. These liabilities remained undischarged till September 2002.

4.1.4.8 Unsanctioned expenditure

Under financial rules, no expenditure should be incurred in excess of the sanctions of the estimates of the works unless revised estimates are prepared and sanctioned by the competent authority. Scrutiny of records in the office of CE, level-I, Dehradun, however, revealed that-

(a) Rs.4.94 crore were spent against sanction of Rs.3.02 crore in respect of 17 completed works during March 1981 to January 1994. Ex-post-facto sanction of the revised estimates, submitted during April 1990 to December 1997, had not been accorded by Government, as of March 2002.

(b) In 95 out of 130 incomplete works (being commented in para 4.1.8.2 Rs.83.41 crore were spent against sanctions of Rs.57.61 crore during 1980-81 to 2000-2001, thus exceeding the sanctions by Rs.25.80 crore.

In all the cases mentioned at (a) and (b) above, not only EEs who actually spent the amounts but also Engineer-in-chief (E-in-C), PWD of composite state/CE-level-I who released the funds without watching progressive expenditure against the estimates in each case were responsible for this financial irregularity. SEs/CEs – level II too failed to exercise prescribed checks through Monthly Progress Report submitted to them to limit the expenditure upto sanctioned level.

4.1.4.9 Lapse of the money

The Government of Uttar Pradesh, on the recommendation of the Tenth Finance Commission, sanctioned (March 2000) Rs.5.76 crore for construction and renovation of old roads/bridges (Rs.4.05 crore) and buildings (Rs.1.71 crore) in Kumaun and Garhwal zones. The money was drawn and kept under 'Deposit' with Provincial Division, Almora (Rs.2.51 crore) and Provisional Director, Pauri (Rs.3.25 crore). Provincial Divisions, Almora and Pauri had not even prepared detailed estimates for obtaining administrative, financial and technical sanctions, till 9 November 2000 when the State of Uttaranchal was created. The money, which was lying unutilized, lapsed. The roads and residential/non-residential buildings, which needed early repair/renovation, remained unrepaired. Their further deterioration and consequent danger to the occupants of the buildings cannot be ruled out.

4.1.5 Miscellaneous Works Advances (MWA)

This is a suspense head meant for recording of entries relating to expenditure incurred on deposit works in excess of deposit received, sales on credit, actual losses of cash or stock and other items such as those debits, the classification of which cannot at once be determined. EEs are responsible for prompt clearance of suspense by recovery/transfer of amounts involved. However, no pursuance was being done by the divisions for recovery/adjustments of outstanding amounts as is evident from the records of 10 test checked divisions where the balances under MWA had been lying unrecovered/unadjusted for the last 1 to 28 years. Age-wise break up is given below:

(Rupees in crore)

Period	Government servants	Other Departments	Contractors/ Suppliers	Corporations/ Companies	Other divisions	Total
1. Up to 1 year old	0.04	0.04	0.03	0.18	0.06	0.35
2. 1 to 5 years old	0.12	0.18	0.07	0.23	0.38	0.98
3. 5 to 12 years old	0.03	0.31	0.04	0.08	0.38	0.84
4. More than 12 years old	0.08	0.03	0.16	0.05	0.26	0.58
Total	0.27	0.56	0.30	0.54	1.08	2.75

Further, MWA was not meant for debiting of traveling allowances (TA), temporary advances, etc. given to Government servants, which were to be watched through other registers maintained for that purpose. However, EEs not only misused MWA by debiting these amounts, thereunder, but also failed to pursue and recover the amounts from Government servants after debiting the amount to this head.

4.1.6 Unacknowledged Amounts by Treasuries

The amounts remitted to treasuries by divisions were required to be reconciled with treasuries by each division every month and the results recorded in Form 51 to be submitted to Accountant General (Accounts & Entitlement)-II, UP and Uttaranchal, Allahabad (AG (A&E)-II) along with the monthly accounts by 10th of the following month.

However, scrutiny of Form-51 of 42 divisions out of 55 divisions of the state, received up to 30 June 2002 in the office of the A.G. (A&E)-II, revealed that Rs.3.15 crore remitted to treasuries during the year 1968-69 to 2001-02 (upto February 2002) remained unacknowledged till March 2002.

It is difficult to reconcile such items with the passage of time because these items were very old. EEs were, however, not making any effort in this direction.

4.1.7 Project Management

4.1.7.1 Survey and Planning

As availability of an adequate road network and its constant upgradation are extremely essential for all round development of the State, Ministry of Road Transport and Highways (MORTH), Government of India, New Delhi and the E-in-C had issued instructions from time to time to conduct surveys twice a year on earmarked points, i.e., count stations of various categories of roads, *viz*, state highways, major district roads and other district roads to gauge the traffic density and fix the priorities for their upgradation, i.e., widening and strengthening of roads, wherever necessary. However, no survey was conducted during 2000-01 and 2001-02 to gauge/collect traffic density, i.e., average load of commercial and other vehicles on the roads, CE-level-I also did not have any such basic road data, in absence of which fixing of priorities for upgradation of roads in the state was not possible.

Test-check of records in 7[♣] divisions also revealed that no survey was conducted during 2000-02.

4.1.7.2 Target and achievement

(i) Physical target and achievement of construction of roads

Against the target of 1342 km roads to be constructed in 2001-2002 only 229 km *(17 per cent)* were constructed.

Against the requirement of Rs.136.69 crore for carrying out the targeted works in 2001-02, PWD spent Rs.117.80 crore only (86 *per cent* of demand). Thus, there was significant variation in physical progress (17 *per cent*) vis-à-vis financial progress (86 *per cent*). Audit scrutiny revealed that booking of expenditure to work without actual expenditure, diversion of funds to deposit works, excessive expenditure on petrol, oil and lubricants, telephone and stationery booked to "works" during 2001-02 were some of the reasons for wide variation in financial *vis-a-vis* physical progress. It was also observed that contingent expenditure of offices of CE, level-1 and SEs too were charged to works.

(ii) Pradhan Mantri Gram Sadak Yojna (PMGSY)

Under the above scheme, PWD received Rs.60.62 crore during 2000-01 for construction of 41 km roads and strengthening/upgrading of existing 259 km of roads in the State for completion by September 2001.

However, only 15 out of 34 works in the plains were completed by August 2002 and the remaining 19 works were in progress ***(Appendix XXI)***. None of

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♣ Provincial Divisions, Bageshwar, Almora, Champawat and Dehradun, Construction Divisions, Ranikhet and Lohaghat and Temporary Construction Division, Kirtinagar.

the 35 works pertaining to hill areas were completed as of August 2002. The physical progress of 22 works were below 50 *per cent (Appendix XXII)* and of remaining 13 works, it was between 50 and 96 *per cent (Appendix XXIII)*. Inordinate delay occurred due to excessive time (ranging from 5 to 11 months) taken by PWD in preparation of estimates, inviting tenders and their finalisation.

On this being pointed out, the Department did not give any reply regarding the reasons for delay in finalization of estimates and tenders (June 2002).

4.1.8 Incomplete Works

Financial rules provide that construction works should commence only after ensuring availability of land and adequate funds. Non-observance of the above provisions not only resulted in non-completion of roads for the last several years but also in unfruitful expenditure as discussed below.

4.1.8.1 There were delays of 2 to 22 years in construction of 370 roads due to non-acquisition of forest land. These delays were attributable to departmental inaction and laxity in processing the cases, depositing the amount for compensatory afforestation, and pursuing the cases with competent authority for land acquisition. The number of cases pending at various levels is given below:

Sl. No.	Particulars	No. of cases	Land required (in hectare)
1.	Government of India(GOI)	70	329.97
2.	Uttaranchal Government	9	19.69
3.	Under Objection (pending at divisional level)	30	165.97
4.	Transfer approved in principle by Government of India subject to deposit of cost with State Forest Department for obtaining formal approval from Government of India	174	834.83
5.	Proposal submitted to District Magistrates/Divisional Forest Officers	87	313.94
	Total	**370**	**1664.40**

Complete information about the length of roads which could not be constructed due to non-acquisition of land in the above 370 cases was not available with CE, level-I.

Further, scrutiny of records revealed that though Government of India agreed in principle, between July 1998 and March 2002, for release of forest land in 174 cases mentioned in serial number 4 of the above table but formal approval for transfer of land could not be obtained as of August 2002 due to non-deposit/short-deposit of amount of compensatory afforestation in 68 cases. The remaining 106 cases were not pursued with Government of India/State Government after depositing the amounts of compensatory afforestation. The details are given on the following next page: -

(Rupees in crore)

No of Cases	Period in which Government of India agreed in principle for release of forest land	Demand for compensatory afforestation	Amount deposited	Remarks
106	Between May 1990 and November 2001	3.80	3.80	Formal approval from Government of India for transfer of land could not be obtained due to non-pursuance by PWD.
11	Between October 1988 and September 2001	0.57	0.29	Reason for short deposit was not on records in the office of CE, level-I
30	Between November 1998 and September 2001	1.28	Nil	Reason for short deposit was not on records in the office of CE level-I
27	Between July 1998 and March 2002	--	--	Joint survey by the PWD and the Forest Department for determining the amounts of compensatory afforestation was not conducted.

Test-check of records of 5* divisions revealed that construction of 31 roads with a total length of 226 kms involving 102.92 hectare forest land were started between April 1982 and March 2000 without acquisition of land. All the roads remained incomplete even after spending Rs.9.19 crore as of March 2002. The Forest (Conservation) Act, 1980 and guidelines issued thereunder, stipulate that prior approval of Government of India is necessary for use of forest land for non-forest purposes. Work on a road passing through forest land should not be started by PWD even on stretches located on non-forest land/private land of such road till the Government of India approves the release of forest land. Therefore, commencement of work on these roads was incorrect and led to a situation where Rs. 9.19 crore remained unfruitful so far (August 2002).

4.1.8.2 Out of above mentioned 370 roads, 130 roads costing Rs.87.61 crore started between June1980 and March 2000 were targeted for completion within 2 to 3 years from the date of their commencement. These, however, remained incomplete for want of sanctions of revised estimates amounting to Rs.166.13 crore (90 *per cent* increase over original costs) from CE, level-I/Government as of March 2002. Revised estimates were submitted between February 1995 and October 2000. A total of Rs.107.41 crore had been spent on these works as of March 2002. A list of incomplete works on which more than Rs.1 crore were spent as of March 2002, is given in ***Appendix XXIV***.

CE, level-I stated (September 2002) that revised estimates were being scrutinised in his office for further necessary action.

4.1.9 Maintenance of Roads

Road maintenance is a routine work performed to keep pavement shoulders and other facilities as nearly as possible in their constructed condition for road users. Maintenance helps in preserving the pavement surface, avoiding the need for early rehabilitation, particularly on hilly roads which are susceptible to land slides and snow falls and have limited land width, steep side slopes, slip zones, etc.

* Provincial Divisions, Almora, Bageshwar and Dehradun, Construction Division, Ranikhet and Temporary Construction Division, Kirtinagar (Tehri Garhwal)

As per norms fixed by the Indian Road Congress (IRC), Uttaranchal needed Rs. 178.51 crore annually for proper maintenance of roads of various categories to prevent early deterioration and maintain efficient movement of traffic in the state. The details of requirement as per norms are given below:

Category of road	Length of road (In kms)	Rate as per norm of IRC per km ½Rs. in lakh½	Total amount required (Rs. in crore)
1. State Highways	1137	1.57	17.85
2. Painted Major District Roads, Other District Roads and village roads	7196	0.59	42.46
3. Unpainted Major District Roads, Other District Roads and village roads	7483	0.66	49.39
4. Bridle roads and border tracks	3957	0.14	05.54
5. Bridge	48242 metre	0.01	04.82
6. Renewal of roads	1670 Kms each year	3.50	58.45

PWD was, however, given Rs.43.14 crore (24 *per cent*) only in 2001-02. Consequently, against renewal of 1640 km in 2001-02 as per IRC's norms, 205 km only (12.5 *per cent*) could be taken up. Further, as per IRC's guidelines, renewal was to be done by premix carpet specification to provide a better quality of road surface but due to shortage of funds, 133 km (65 *per cent*) out of 205 km roads were done by second coat painting, a lower specification.

4.1.10 Extra Expenditure on Excess Consumption of Bitumen

(a) The E-in-C, UP, PWD fixed in March 1999 norms for the consumption of bitumen in first coat painting (P_1) and second coat painting (P_2) per 10 square metre (sq. mt.) at the rate of 21 kg and 12 kg respectively with 19 mm and 13 mm chippings whereas IRC's specifications provided (November 2000) 12 kg for P_1 and 10 kg for P_2 per 10 sq. mt. with same size of chippings.

PWD, by not adopting IRC's specification of November 2000, consumed bitumen of 9 kg and 2 kg per 10 sq. mt. in excess in P_1 and P_2 respectively. During 2001-02, the excess consumption amounted to 1025 metric ton costing Rs.1.26 crore*.

(b) According to IRC's specifications, consumption of bitumen in tack coat is 0.35 to 0.40 kg per sq. mt. and in Open Graded Premix Surfacing (PC with seal coat) is 1.46 kg per sq. mt. Construction Division, Lohaghat, however, consumed bitumen at the rate of 0.98 kg per sq. mt. in tack coat and 2.61 kg per sq. mt. in PC with seal coat in construction of roads of PMGSY sanctioned under 4 packages. This resulted in excess consumption of bitumen amounting to Rs. 16.62 lakh *(Appendix XXV)*. No satisfactory reply was furnished by the division for excess consumption.

* P1- 159 km X 1000 m X 3.30 m. (width of road)= 524700 sq. mt. X 0.9 kg. per sq. mt. = 472230 kg.
P2 - 837 km X 1000 m X 3.30 m. (width of road)=2762100 sq. mt. X 0.2 kg. per sq. mt. = 552420 kg.
Total 1024650 Kg. or 1025 MT, at the rate of Rs.12250 per MT = Rs.1.26 crore

4.1.11 Under-utilisation of Machinery

Scrutiny of records relating to utilization of road rollers during 2000-01 and 2001-02 in 30 divisions out of 55 divisions revealed that 22 road rollers were unserviceable for the last 2 to 3 years but no action was taken for their repair. Further, a large number of road rollers remained under-utilised as given below:

2000-01		2001-02	
No. of road rollers	**Per centage of utilization**	**No. of road rollers**	**Per centage of utilization**
19	upto 10 *per cent*	22	Upto 10 *per cent*
68	11 to 50 *per cent*	72	11 to 50 *per cent*
19	51 to 80 *per cent*	17	51 to 80 *per cent*

Due to non-utilization/under-utilization of road rollers, drivers of these road rollers also remained idle. The expenditure of Rs.1.18 crore incurred on their salary for the idle period was thus unfruitful.

In reply, PWD stated that since the contractors used their own road rollers in many cases, department's road rollers were idle. The reply is not tenable as the PWD should have made the use of road rollers by the contractors mandatory by inserting a clause to this effect in the agreements. This would have avoided idling of road rollers costing Rs.6.50 crore approximately.

4.1.12 Execution of deposit works in excess of Deposits received

Financial rules provide that expenditure on deposit works be limited to the extent of funds received for these works. However, in contravention of the above provisions, 5 test checked divisions spent Rs.1.48 crore between 1978-79 and 2001-02 in excess of deposits received by diversion of Government funds. Further, excess expenditure incurred on deposit works was required to be transferred immediately to MWA for pursuance with the concerned departments for early recovery. None of these divisions, however, took any action to do so, leaving the amounts as negative balances under 'Deposit' head. The details are given below:

(Rupees in lakh)

Sl. No.	Name of Division	Amount
1.	Temporary Construction Division, Kirtinagar	13.52
2.	PD, Almora	5.01
3.	CD, Okhimuth	42.19
4.	PD, Dehradun	70.85
5.	CD, Ranikhet	16.34
Total		**147.91 i.e., 1.48 crore**

4.1.13 Unjustified Expenditure

Test check of record of Provincial Division, Bageshwar revealed that 73.40 kms. motorable road (Bageshwar-Kotmanya) having 5.95-metre width was constructed upto soiling level in 1983. Out of above, 55.40 kms road was completed upto painting level in 2000. Remaining 18 kms with the same width were taken up for completion under district sector (10 kms) and PMGSY (8 kms) in 2001.

Estimates prepared and technical sanctions accorded for 10 kms under district sector did not provide for hill cutting, retaining walls, breast walls, scuppers etc. as in the entire length of 73.40 kms, works upto soiling level was already completed. However, the estimates and technical sanction for remaining length of 8 kms under PMGSY provided Rs. 85 lakhs for such works. Against this provision, the division had spent Rs. 15.40 lakh on these items upto April 2002.

Thus, against the unwarranted provision of Rs 85 lakhs on the above work, there was unjustified expenditure of Rs.15.40 lakh as of March 2002.

4.1.14 Manpower Management

4.1.14.1 Shortage/excess of officials

In 2001-02, against the sanctioned strength (SS) of 1135, men-in-position (MIP) were 817 only in SEs/EEs/AEs/Junior Engineers cadres who were mainly responsible for implementation and execution of the projects whereas excesses were noticed in ministerial and group 'D' cadres as detailed below:

Sl. No.	Posts	SS	MIP	Excess
1.	Senior Clerk	522	582	60
2.	Chowkidar	Nil	63	63
3.	Safai Nayak	Nil	60	60
4.	Driver	137	354	217
5.	Dak runner	10	15	5

An extra liability of Rs. 2.43 crore per annum was being incurred due to the above excess in Ministerial / Group 'D' cadres.

4.1.14.2 Excess expenditure on establishment

As per norm fixed by Government, expenditure on establishment should not exceed twelve and half *per cent* of the total cost of works. However, scrutiny of records revealed that expenditure on establishment accounted for 27 *per cent* in 2001-02 (total cost of works: Rs.276.46 crore; expenditure on establishment Rs.75.44 crore). No concerted efforts were made by PWD to curtail it to the permissible limit.

4.1.14.3 Non-utilisation/under utilisation of divisions

As per norms fixed by the State Government, a Provincial/ Construction division should be created where the expenditure is Rs.6 crore per annum. However, 26 to 42 out of 51 Provincial/Construction Divisions had workloads ranging from Rs.0.03 crore to Rs.4.49 crore only (0.5 to 75 *per cent* per annum) during 2000-01 to 2001-02 against the prescribed norm of Rs.6 crore. Thus, these divisions remained under-utilised to the extent of 25 to almost 100 *per cent* during these 2 years.

The details are given below: **(Rupees in crore)**

Year	Total number of civil divisions	No. of divisions whose workload test checked	No. of divisions whose work load was			Total amount spent	Minimum/maximum workload of a division (*percentage* of workload) compared to norm of Rs.6 crore per division per annum
			Below 25 *per cent*	Between 25 and 75 *per cent*	Total (Col 4 + 5)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2000-2001	51	43	24	18	42	65.19	0.03 to 4.22 (0.5 to 70)
2001-2002	51	51	2	24	26	78.04	0.46 to 4.49 (8 to 75)

It may also be mentioned that 11 Provincial/Construction divisions had workloads ranging from Rs.7 crore to Rs.23.34 crore (116 to 389 *per cent*) during 2001-02. This indicated that PWD did not take manpower management and allotment of funds to divisions seriously.

The matter was reported to Government in October 2002; reply had not been received (June 2003).

SECTION 'B': PARAGRAPHS

IRRIGATION DEPARTMENT

4.2 Unfruitful expenditure on construction of canals

Construction of Matha and Koti Chhatri canals without adequate geological survey of site and approval of detailed design and estimates resulted in unfruitful expenditure of Rs. 28.71 lakh.

Financial rules provide that no work should be commenced without preparation of detailed design and estimates, based on adequate survey and technical sanction by competent authority.

Scrutiny of records (July 2000) of the Executive Engineer (EE), Irrigation Division, Kalsi at Ambari (Dehradun) revealed that Government sanctioned (February 1988) Rs. 5.11 lakh and Rs. 3.25 lakh for the construction of two canals named Matha (length 2 km) and Koti Chhatri (length 1.5 km) respectively in Chakrata block. The work was started by the Executive Engineer in January 1989 and June 1988 respectively without conducting geological survey of the sites and ensuring continuous availability of water at source. Technical sanction for their detailed design and estimate was also not obtained. In 1994-95, length of Matha canal was increased to 4 km and the estimates of Matha and Koti Chhatri canals were revised to Rs. 26 lakh and Rs. 7.66 lakh alongwith increase in Culturable Command Area (CCA) from 33 to 59 hectare and from 15 hectare to 19.50 hectare respectivly. Matha canal was commissioned in March 1996 and Koti Chhatri in April 1993 but Matha canal could not function properly, due to damages by land slides almost every year, from 1996– 97 onwards which remained unrepaired for want of funds. Koti Chhatri canal became non functional as its sources of water dried up due to heavy landslides. Thus, the total expenditure of Rs.28.71 lakh (Rs.23.54 lakh - Matha canal and Rs. 5.17 lakh – Koti Chhatri canal) remained unfruitful.

On it being pointed out that the construction of canals was started without a geological survey in an area prone to landslides, the EE stated (November 2001) that canals for hill areas being small in size, no geological survey was conducted and for Koti Chhatri canal, sufficient water was available at source when the scheme was prepared. EE further stated that action for declaring the canals as abandoned and unserviceable was being taken. The reply was not tenable as the canals were constructed in an area prone to landslides.

The SE, while endorsing the views of EE, however, stated (November 2001) that detailed survey of the location and ensuring continuous availability of water at source was expected in hill area before taking up work. He further stated that suitable instructions had been issued.

Thus, construction of the canal without conducting survey of the sites and ensuring continuous availability of water at source before taking up the work resulted in unfruitful expenditure of Rs. 28.71 lakh.

The matter was referred to Government (September 2001); no reply has been received (June 2003).

PUBLIC WORKS DEPARTMENT

4.3 Idle investment on avoidable procurement of a heavy mobile crane

Procurement of a heavy mobile crane at a cost of Rs.27.55 lakh without ascertaining its actual requirement rendered the entire investment idle.

The State Government sanctioned (March 1997) a sum of Rs.27.55 lakh for procurement of crane for haulage of vehicles from accident sites to the District headquarters in Uttarkashi and instructed (December 1999) that it be transferred to the Police administration of Uttarkashi district for operation and maintenance.

Scrutiny of the records (November 2001) of the Executive Engineer, Electrical/Mechanical Division, Rishikesh(EE) revealed that a 15 MT Pick-n-Carry hydraulic mobile crane was procured by the EE in August 1999 at a cost of Rs.22 lakh. The Superintendent of Police, Uttarkashi, however, refused to accept it (July 2000) on the ground that a heavy-duty crane was already available but was lying idle for want of driver. Moreover the Police Administration had not asked for the newly procured crane nor was it required by them and thus there was no justification for its purchase.

On this being pointed out, the EE intimated (March 2002) that the Government of Uttaranchal ordered (January 2002) for operation and maintenance of the crane by Public Works Department (PWD) since it was of no use in Police Department. The removal and handling of vehicles which had met with accidents was not the duty of the PWD, and resultantly, the crane had been lying idle in the PWD workshop since its procurement.

Thus, procurement of a heavy mobile crane at a cost of Rs.27.55 lakh (cost of crane : Rs.22 lakh + cost of accessories : Rs.5.55 lakh) at the instance of the Government without ascertaining its actual requirement resulted in idle investment since March 1997. Chances of its being used in the future appeared remote.

The matter was reported to Government (December 2001); reply had not been received (June 2003).

4.4 Unauthorized expenditure on signboards

Expenditure of Rs. 78.83 lakh was irregularly charged to other works and an unauthorised liability of Rs. 19.05 lakh was created.

According to financial rules, no work should commence without obtaining administrative, financial and technical sanction as well as ensuring the availability of adequate funds.

The Executive Engineer(EE), Provincial Division, PWD, Dehradun(Division) executed eleven agreements for supply and fixing of informatory retro-reflective signboards valuing Rs.71.24 lakh between October 2000 and July 2001 without obtaining administrative, technical and financial sanction and without appropriate provision of funds. The work was split up into 11 groups and awarded without inviting tenders. No reasons were on record for taking up the work without any sanction and tendering. The position of actual expenditure, outstanding liability and advances was as given below:

(Rupees in lakh)

Sl. No	Agreement No.	Date	Contract-ed Cost	Actual Expenditure	Outstanding liability	Advances		
						Paid to contractors	Adjusted	Out-standing
1	73/EE	25-10-2000	9.63	11.46	-	10.00	10.00	-
2	79/EE	02-11-2000	4.99	5.57	-	5.00	5.00	-
3	130/EE	16-02-2001	2.72	1.68	0.40	-	-	-
4	131/EE	16-02-2001	2.39	1.68	0.52	-	-	-
5	133/EE	19-02-2001	9.82	10.65	1.15	-	-	-
6	134/EE	19-02-2001	9.82	9.00	2.43	9.00	-	9.00
7	141/EE	16-03-2001	4.33	7.00	3.02	7.00	-	7.00
8	142/EE	16-03-2001	4.55	7.00	3.10	7.00	-	7.00
9	179/EE	24-03-2001	5.89	10.44	-	8.00	8.00	-
10	180/EE	24-03-2001	9.88	14.35	-	7.00	7.00	-
11	72/EE	31-07-2001	7.22	-	8.43	-	-	-
		Total	71.24	78.83	19.05	53.00	30.00	23.00

Thus, the Division paid Rs.78.83 lakh against work valuing Rs.97.88 lakh executed upto August 2001 by debiting it to the estimates of other works. The payment included Rs.53 lakh paid to contractors for work done but not measured as advance, of which Rs.23 lakh was lying unadjusted (May 2002). Further, a liability of Rs.19.05 lakh remained outstanding for want of budget allotment.

The EE in his reply admitted that expenditure was charged to the estimates of other works. The signboards were fixed as per directions of Commissioner and In-charge (Capital Formation) as well as Chief Engineer Grade-I, Uttaranchal, Dehradun. He further stated that an estimate of Rs.96.60 lakh had been submitted (February 2002) to Government for sanction, which was awaited as of May 2002.

The reply was not tenable as incurring of expenditure of Rs.78.83 lakh charged to other works was neither admissible under any rule nor sanctioned by competent authority and creation of a liability of Rs.19.05 lakh by the division was unauthorised. Besides, undue aid of Rs.23.00 lakh to contractors by way of advance, which was more than admissible limit remained un-recovered (May 2002).

The matter was referred to Government in October 2001; reply had not been received (June2003).

4.5 Diversion of funds

Diversion of Rs.0.71 crore from the funds provided for improving Kailash Mansarovar Yatra road in district Pithoragarh left the work incomplete rendering the expenditure of Rs. 1.35 crore unfruitful as of date.

To make the journey to Kailash Mansarovar more convenient, safe and accessible to pilgrims, Government accorded (February 1998) administrative approval and financial sanction of Rs. 2.31 crore for the improvement and development of the Kailash Mansarovar Yatra road, passing through a region vulnerable to landslides, in Pithoragarh district, based on the recommendations of the Tenth Finance Commission.

Test-check (May 2001) of the records of Executive Engineer (EE), Construction Division, PWD, Askote, Pithoragarh (Division) revealed that the Tourism Department released the entire amount between July 1998 and March 2000 to PWD for completion of work by March 2002. The Division took up the work in July 1998 but stopped it in November 2000 after exhibiting an expenditure of Rs. 2.06 crore, contending that the balance funds were inadequate to complete the remaining works. Scrutiny, however, revealed that while the reported expenditure comprised 89 *per cent* of the total cost of the work, actual expenditure on the work was Rs. 1.35 crore (58 *per cent*) only as shown in the following table:-

(Rupees in lakh)

Sl. No.	Name of work	Sanctioned Quantity (as per detailed estimate)	Actual Execution	Actual Expenditure
1.	Light Vehicle Road	1.50 km	0.25	2.46
2.	Widening of narrow portion	3.25 km	2.58	9.24
	Construction of Road	3.7 km	1.00 (Hill cutting)	1.11
3.	Construction of Bridges	58 km 36 m (span)	80 percent	18.02
		90 km 9 m (span)	Complete	5.03
		116 km 66 m (span)	50 percent	66.44
		123 km 12 m (span)	Complete	8.93
4.	Construction of Bunds	54	Complete	1.39
5.	Yatri sheds	23	16 (Complete)	12.00
6.	Construction of Gang huts	3	2	5.51
7.	Contingent Expenditure			4.98
	Total			135.11

Scrutiny further revealed that the remaining amount of Rs. 0.71 crore (Rs.2.06 crore - Rs.1.35 crore) had unauthorisely been spent on other less important works[*] but were wrongly shown as having been spent on the Kailash Mansarovar Road.

Diversion of Rs.0.71 crore, resulted in the work remaining incomplete thereby endangering the safety of the pilgrims.

In reply, EE admitted the fact and stated (May 2001) that disciplinary action against the then EE responsible for the lapses was under consideration of the Department.

The expenditure of Rs.1.35 crore on the incomplete works remained unfruitful as of May 2001.

The matter was referred to the Government (November 2001); reply had not been received (June 2003).

[*] Annual repair of buildings/roads and Sunischit Rozgar Yojna etc.,

CHAPTER-V

LOCAL BODIES AND OTHERS

PARAGRAPHS

HIGHER EDUCATION DEPARTMENT

5.1 Avoidable loss on University Agriculture farm.

Due to low yield of crops, the University had to suffer a loss of Rs. 10.05 crore on its sale.

Norms have been specified by the Govind Ballabh Pant University of Agriculture and Technology, Pant Nagar (Uttaranchal) for crop yield on its agriculture farms.

Test check (June 2001) of records of the University and further information collected (February 2002) revealed that against a target of 22.93 lakh quintals the actual yield of crops was 16.05 lakh quintals during the period between 1998-1999 and 2000-2001 as per details given below:

(In lakh quintals)

Year	Target	Achievement	Shortfall
1998-99	7.22	4.96	2.26
1999-2000	8.18	6.41	1.77
2000-01	7.53	4.68	2.85
Total	**22.93**	**16.05**	**6.88**

Thus, due to low crop yield of 6.88 lakh quintals, the University had to suffer an avoidable loss of Rs.10.05 crore on sale.

On this being pointed out, the Finance Controller stated (June 2001 and February 2002) that due to strike in March 1998, wheat and cane crops could not be irrigated and farms could not be prepared for sowing of other crops. Further due to paucity of funds, chemical/ fertilizers could not be applied in adequate quantity. Apart from this, agricultural work is based on weather as excessive rains damaged crops while scanty rainfalls affected the yield adversely. In Tarai regions dense fogs in winter season also cause bad effects on wheat crops and its yield.

The replies were not tenable as standard norms of yield of crops were fixed by the University after taking into account all contingencies. Income and expenditure account of the University showed sufficient surplus funds during the year 1998-1999 to 2000-01 to meet the expenditure of chemicals/ fertilizers. Thus, the University could not achieve the minimum yield fixed by itself. No responsibility for the loss so caused was fixed.

The matter was referred to the Government in September 2002. In reply Government stated (January 2003) that the University had not fixed any norm for the productivity of crops and there seems no utility of such norms. The reply of Government was not convincing as standard norms had actually been fixed by the University.

RURAL DEVELOPMENT DEPARTMENT

5.2 Unfruitful expenditure on purchase of computers

Computers purchased at a cost of Rs 72.50 lakh remained unutilised for want of trained teachers.

Financial Rules provide that for obtaining supplies costing more than Rs 15,000, tenders be invited to avail the benefit of competitive rates.

Scrutiny of records (May 2002) of the Project Director, District Rural Development Agency (DRDA), Tehri Garhwal, revealed that DRDA procured 160 sets of personal computers (PCs) costing Rs. 80 lakh from a New Delhi based vendor for imparting computer education to students of rural areas. Supply orders were placed by the Project Director between March 2000 and September 2001 without inviting tenders, on the recommendation of a local Member of Parliament (MP). These supply orders did not contain detailed technical specifications but stipulated that practical training for three months be imparted by the supplier to the staff and students. Supplies were made between April 2000 and August 2001. The DRDA paid Rs.76.78 lakh upto September 2001 and withheld the balance amount on account of taxes, duties etc. No trainers were made available by the supplier for imparting training on 125 PCs. Trainers were provided by the supplier in 7 Government Inter Colleges for imparting training on 35 PCs but training was actually imparted on 15 PCs only. Thus, expenditure of Rs.72.50 lakh on procurement of 145 PCs at the rate of Rs.0.50 lakh per PC remained unfruitful. A report of the Joint Director of Education (Headquarters) Dehradun revealed (April 2002) that 21 PCs had manufacturing defects.

The Department stated (May 2002) that the matter was being investigated and the supplier was being approached to rectify the defects in PCs. The reply is not tenable as placement of supply orders without inviting tenders, release of payment without verifying the quantity and quality of stores supplied and services rendered the expenditure of Rs.72.50 lakh unfruitful. The matter was referred to Government in September 2002. In reply Government stated (February 2003) that the enquiry had been set upto investigate the matter as why tender was not called for by the unit.

URBAN DEVELOPMENT DEPARTMANT

5.3 Unfruitful Expenditure on extension of sewer line

Selection of an unsuitable site and non-availability of Nagar Palika land led to unfruitful expenditure of Rs. 2.14 crore on extension of sewer line in Kashipur.

Financial rules provide that the Department should conduct a proper survey for preparation of estimate and obtain administrative, technical and financial sanction from competent authority before commencement of construction work. The Department should also ensure the availability of a suitable site alongwith sufficient funds and experienced staff to complete the work.

A sewerage scheme Phase-I, Part II was technically sanctioned in December 1985 by the Chief Engineer (PPRD) U.P. Jal Nigam, Lucknow for extension of sewerage facilities in Kashipur, an important industrial and commercial town, at a cost of Rs.183.26 lakh. A sewage pumping station, 12.5 Km. sewer line, 4 pumping plants, 200 metres rising mains and other appurtenant works were to be completed and commissioned during 1987-88. Administrative approval and financial sanction was, however, accorded by the Secretary (Planning) U.P. Jal Nigam only in January 1986.

Test-check (October 2000) of records of Executive Engineer Construction Division, Jal Nigam Kashipur, Udhamsingh Nagar (Division) and information collected (April 2001 and May 2002) revealed that the work on the scheme commenced in 1985. As of May 2002, laying of 3.3 km of sewer line, 2 pumping plants and 50 per cent miscellaneous work remained incomplete despite an expenditure of Rs.2.64 crore. Selection of an unsuitable site and non-availability of Nagar Palika land for laying a stretch of sewer line resulted in a change of alignment of the sewer and the depth of the sewage pumping station. The estimates were revised to Rs.4.19 crore in 1993-94. In addition due to low sub soil depth, sewer line could not be laid. As an alternative an intermediate pumping station was proposed on land belonging to the Indian Railways. This too could not be constructed for want of approval from Railway Department.

On this being pointed out, the Division accepted (May 2002) that due to low sub soil depth, no tender was received despite repeated calls. As such, the works could not be completed. It was also stated that shortage of engineering staff with experience of sewer works delayed the completion of the scheme. Out of 9.2 km. sewer lines laid, only 1.6 km. sewer line costing to Rs.50.00 lakh was being used.

Thus, selection of an unsuitable site and non-availability of Nagar Palika land for laying a stretch of sewer line resulted in unfruitful expenditure of Rs.2.14 crore (2.64-0.50 crore) besides enhancement of cost of scheme by Rs.2.36 (4.19 - 1.83) crore and depriving the citizens of the intended benefits of scheme on account of its non-completion.

The matter was reported to the Government (November 2001); reply has not been received (June 2003).

CHAPTER – VI

REVENUE RECEIPTS

PARAGRAPHS

TRADE –TAX DEPARTMENT

6.1 Non-charging of interest

Non realisation of interest Rs. 3.32 lakh from traders for delayed deposit of admitted tax.

Every dealer liable to pay tax under the Uttar Pradesh Trade Tax Act, 1948, is required to submit returns of his turnover at prescribed intervals and to deposit the amount of tax due within the time prescribed. Tax admittedly payable by the dealer, if not paid by the due date, attracts interest at the rate of 2 *per cent* per month on the unpaid amount.

(i) During audit of Assistant Commissioner (Assessment), Trade Tax, Rishikesh (May 2000); it was noticed that a dealer had belatedly deposited admitted tax of Rs. 8.70 lakh for the year 1997-98, the payment being made between May 1998 and March 2000, on which interest was not charged. The dealer was, therefore, liable to pay interest of Rs. 1.91 lakh for belated payment.

On the omission being pointed out in audit (May 2000), the department stated that an additional demand of Rs. 1.91 lakh was raised (January 2001).

The case was reported to the Government (July 2000 and May 2002); their replies have not been received (June 2003).

(ii) During the audit of office of Trade Tax Officer, Sector-III, Dehradun, it was noticed (May 1998) that admitted tax amounting to Rs. 3.97 lakh was deposited by the dealer on 24 March 1996 after delay of 17 months and 23 days pertaining to the year 1994-95 on which interest amounting to Rs. 1.41 lakh was leviable but was not levied.

On this being pointed out in audit, the department stated (July 2000) that the interest amounting to Rs. 1.41 lakh had been levied and demand was raised (December 1999).

The case was reported to the Government (September 2000); their reply has not been received (June 2003).

6.2 Non-realisation of penalty

Non realisation of penalty Rs. 3.93 lakh from traders for violation of rules.

Section 4-B (6) of the Uttar Pradesh Trade Tax Act, 1948 provides special relief on tax to manufacturers on purchase of raw material, processing material and packing materials etc. for use in the manufacture or packing of notified goods, the goods so manufactured or packed from such raw material being sold within the state, in the course of inter state trade or commerce or in the course of export out of India. In the event of violation of the above condition the dealer shall be liable to pay, by way of penalty, a sum which shall not be less than the amount of tax payable on sale or purchase of such goods within the state but not exceeding three times of such tax.

During audit of Assistant Commissioner (Assessment) Trade Tax, Rishikesh (May 2000), it was noticed that a dealer having recognition certificate purchased lime stone, lime and processing material during the year 1997-98 worth Rs. 1.09 crore against Form 3B to be used in the manufacture of finished goods. These were, however, transferred outside the state on consignment basis thus contravening the provision. The dealer was, therefore, liable to pay minimum penalty equal to amount of tax of Rs. 3.93 lakh.

On the omission being pointed out in audit (May 2000), the department raised an additional demand of Rs. 3.93 lakh (January 2001).

The case was reported to the Government (July 2000 and May 2002); their reply has not been received (June 2003).

STATE EXCISE DEPARTMENT

6.3 Low production of alcohol from molasses below the minimum prescribed quantity

Loss of excise revenue Rs. 64.47 lakh due to low production of alcohol.

Under U.P. Excise Working of Distilleries (Amendment) Rules, 1978 out turn of alcohol from every quintal of fermentable sugar present in the molasses is fixed at 52.5 alcoholic litres (A.L.). For this purpose, composite samples of molasses are required to be drawn by the officer-in-charge of the distillery and sent for examination to the Alcohol Technologist. The Alcohol Technologist is required to send his report to the concerned officer-in-charge of the distillery within a month from the date of receipt of such samples.

During the audit of two distilleries at Kashipur and Bajpur in District Udhamsingh Nagar, it was noticed (April 2001) that during the period May 2000 to January 2001, 10 composite samples of molasses were sent to the Alcohol Technologist for examination. On the basis of his report the actual production of alcohol should have been 3683795.8 A.L. instead of 3549498.5 A.L. actually produced. Thus production of alcohol fell short by 134297.3 A.L. involving loss of excise revenue of Rs. 64.47 lakh ***(Appendix XXVI)***.

The matter was reported to the department and Government (between August 2001 and December 2001); their replies have not been received (June 2003).

6.4 Non-realisation of Stamp Duty

Loss of revenue of Rs. 1.44 crore due to non levy of stamp duty.

Under the U.P. Excise Licences (Tender-cum-Auction) Rules, 1991, in case, the licensing authority has accepted the bid for allotment of licences for sale of country/foreign liquor, an advance security shall be paid by the bidder for performance of the contract in the prescribed manner. Every bidder in whose favour the licence is settled shall also execute an agreement in conformity with the terms of the licence on a stamp paper of the requisite value. In Government notification dated 12th April 1999, it has been made clear that these document fall under the category of mortgage deed and are chargeable to stamp duty accordingly.

During test check of records of four District Excise Offices (Bageshwar, Champavat, Pauri and Rudra Prayag) it was noticed (between April 2001 to May 2001) that on acceptance of bid for a licence to sell country/foreign liquor/*bhang*, the licensees deposited a security of Rs. 11.50 crore in cash for due performance of the contract during the year 1998-99 to 2000-2001 and executed counterpart agreements. However, stamp duty amounting to Rs. 1.44 crore applicable for mortgage deed on the amount of security deposited in cash was neither levied nor realised. Thus this has resulted in loss of revenue to the Government amounting to Rs. 1.44 crore.

On this being pointed out in audit (between April 2001 and May 2001), the District Excise Officers, stated (April / May 2001) that necessary action would be initiated on receipt of instructions from the Excise Commissioner.

The matter was reported to the department and the Government (between June 2001 and December 2001); their replies have not been received (June 2003).

TRANSPORT DEPARTMENT

Taxes on Vehicles, Goods and Passengers

6.5 Loss of revenue due to delay in circulation of government notification

Loss of revenue of Rs. 1.21 lakh due to non imposition of revised rates.

As per government notification dated 28 March 2001, the Central government enhanced the rates of licence fees, registration fees and fitness fees by amending the Motor Vehicle Rules.

During the audit of Regional Transport Office, Nainital, it was noticed (May 2001) that the department failed to realise fees at enhanced rates in 3380 cases during the period 28 March 2001 to 25 April 2001. This resulted in loss of revenue of Rs. 1.21 lakh.

The matter was reported to the department and the Government (July 2001 and February 2002); their replies have not been received (June 2003).

6.6 Non-assessment of Additional Tax

Loss of revenue Rs. 5.06 lakh due to non levy and non realisation of additional tax.

Under the provisions of Section 6 of U.P. Motor Vehicle Taxation Act, 1997 and rules made thereunder, additional tax is to be charged on stage carriages including contract carriages. However, vehicles owned by recognized educational institutions have been exempted from payment of additional tax.

During the audit of the office of the Regional Transport Office – Pauri, it was noticed (October 2001), that four vehicles which were used to carry children from their houses to school and back during the period May 2000 to September 2001 were not registered in the name of recognized educational institutions. The additional tax leviable was neither assessed nor realised by the department. This resulted in non-levy of additional tax amounting to Rs. 5.06 lakh.

The matter was reported to the department and the Government (between December 2001 and February 2002); their replies have not received (June 2003).

STAMP AND REGISTRATION DEPARTMENT

Stamp duty and registration fees

6.7 Short levy of stamp duty due to undervaluation of property

Loss of revenue Rs. 6.13 lakh due to short levy of stamp duty.

As per provision of Section-24 of the Indian Stamp Act, 1899, stamp duty is chargeable on the amount of consideration expressed in the deed of conveyance and the amount of all encumbrances on that property.

During audit of the office of District Registrar, Udhamsingh Nagar, it was noticed that a deed of conveyance was registered for a consideration of Rs. 10.50 lakh plus the amount of encumbrance Rs. 47.98 lakh but the stamp duty was levied only on the amount of consideration of Rs. 10.50 lakh. This resulted in short levy of stamp duty amounting to Rs. 6.13 lakh.

The matter was reported to the department and the Government (between April 2001 and March 2002); their replies have not been received (June 2003).

6.8 Short levy of stamp duty due to undervaluation of property

Loss of stamp duty Rs. 3.05 lakh due to short levy of duty.

Under the Indian Stamp Act, 1899 (as amended in its application to Uttar Pradesh), stamp duty on a deed of conveyance is chargeable on the market value of the property or on the value of consideration set forth therein, whichever is higher. Further, on a deed of conveyance pertaining to land other than agricultural land, stamp duty is chargeable at the rate per square metre of that area on the date of execution as fixed by the collector.

During audit of the office of Sub-Registrar, Ranikhet (Almora), it was noticed (May 2001) that a deed of conveyance relating to non-agricultural land and a building constructed thereon was registered for a consideration of Rs. 6.39 lakh at agricultural rate instead of Rs. 45.75 lakh at non-agricultural rate fixed by the collector. The adoption of lower valuation of land resulted in short levy of stamp duty amounting to Rs. 3.05 lakh.

The matter was reported to the department and Government (between June 2001 and February 2002); their replies have not been received (June 2003).

FINANCE DEPARTMENT

OTHER TAX RECEIPTS

Electricity Duty

6.9 Non-levy of Electricity Duty

Non levy of electricity duty resulted in loss of revenue Rs. 1.10 lakh.

Under the U.P. Electricity (Duty) Act, 1952 and the rules made thereunder, electricity duty is leviable on energy sold to a consumer at the rates notified by the State government from time to time. The government had clarified (August 1995) that in respect of energy supplied free of charge or at concessional rates to defence personnel by the Appointed Authorities (Defence Department), the rates for the purpose of calculation of electricity duty on energy consumed would be deemed to be the full rate applicable to other consumers, even though the difference between the ordinary rate / free or concessional rate was borne by the Defence Department. Director (Electrical Safety) also issued (September 1995) instructions to all Appointed Authorities of Defence Department to realise the electricity duty at the prescribed rate in all such cases where the energy was supplied to defence personnel free of charge or at concessional rates.

During test check of records of Garrison Engineer (M.E.S.), Dehradun Cantt., it was noticed (May 2001) that electricity energy of 12.21 lakh unit was supplied free of charge or at concessional rates to defence personnel for domestic use between April 2000 and March 2001 but electricity duty amounting to Rs. 1.10 lakh was not levied. This resulted in non-levy of electricity duty amounting to Rs.1.10 lakh.

The matter was reported to the department and the Government (August 2001); their replies have not been received (June 2003).

Chapter-VII

Government Commercial Activities

7.1 Overview of Government companies

7.1.1 Introduction

As on 31 March 2002, there were 17 Government companies (10 working and 7 non-working companies) under the control of the State Government. The State of Uttaranchal was created on 9 November 2000. Consequently, as per State Government's order, 14 Government companies (seven working and seven non-working) which were under the control of the Government of Uttar Pradesh were transferred[1] to the Government of Uttaranchal in August and September 2001. During the year, three[2] new companies were incorporated. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provision of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956.

7.1.2 Working Government companies

7.1.2.1 Investment in working Government companies

The total investment in 10 working Government companies at the end of March 2002 and seven working Government companies at the end of March 2001 was as follows:

(Rupees in crore)

Year	Number of working companies	Investment in working companies			
		Equity	Share application money	Loan[3]	Total
2000-01[4]	7	49.68	-	24.24	73.92
2001-02	10	55.03	5.95	64.76	125.74

The analysis of investment in working Government companies is given in the following paragraphs.

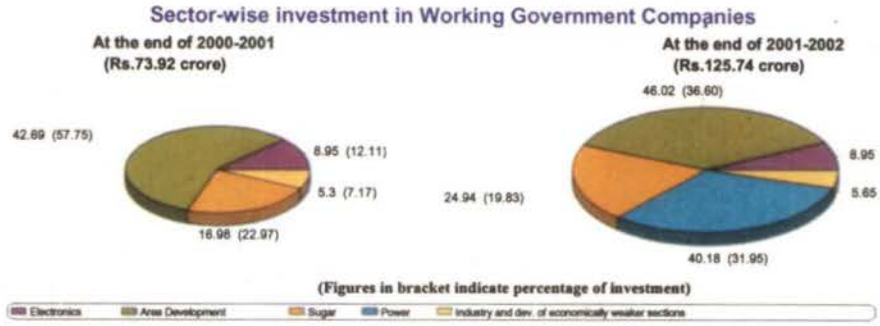
The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2002 and 31 March 2001 are given below in the pie charts:

[1] 13 companies vide G.O. No. 1832/Bureau/Vipra/2001 dated August 2, 2001 and one Company (Kichha Sugar Company Limited) vide G.O. No. 222/SC/10-2-2001-73/2000 dated 29 September 2001.

[2] Sl. no. A-8 (Doiwala Sugar Company Limited), A-9 (Uttaranchal Power Corporation limited and A-10 (Uttaranchal Jal Vidyut Nigam Limited) of Appendix-XXVII.

[3] Long term loans mentioned in para 7.1.2.1 is excluding interest accrued and due on such loans.

[4] Investments held by Government of Uttar Pradesh before transfer to Government of Uttaranchal.



The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in ***Appendix XXVII.***

Investment in the current year has increased over the previous year mainly due to contributions made by the State Government towards capital and loans to three[5] Government companies.

As on 31 March 2002, the total investment in working Government companies, comprised 48.50 *per cent* of equity capital and 51.50 *per cent* of loans as compared to 67.20 *per cent* and 32.80 *per cent*, respectively, as on 31 March 2001.

7.1.2.2 Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

The details regarding budgetary outgo, guarantees/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government to working Government companies are given in ***Appendix XXVII*** and ***XXIX.***

The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to working Government companies for the three years up to 2001-02 are given below:

(Amount: Rupees in crore)

Attributes	1999-2000		2000-01		2001-02	
	No.	Amount	No.	Amount	No.	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Equity: Capital outgo from budget	1	0.25	1	1.24	4	11.29
Loans given from budget	-	-	1	9.07	4	40.26
(i) Grant towards Projects/ Programmes/ Schemes	---	---	---	---	1	3.55
(ii) Subsidy	1	0.10	1	0.05	-	-
Total	**1**	**0.10**	**1**	**0.05**	**1**	**3.55**
Total outgo	**2[6]**	**0.35**	**2[6]**	**10.36**	**5[6]**	**55.10**

5 Serial nos. A-4 (Garhwal Mandal Vikas NigamLimited), A-8 (Doiwala Sugar Company Limited and A-9 (Uttaranchal Power Corporation) of Appendix-XXVII

6 Indicates actual number of companies which received budgetary support in the form of equity, loans, grants and subsidies from the Government in respective years.

During the year 2001-02, the Government had guaranteed the loans aggregating Rs.45 crore obtained by one working company[7]. At the end of the year, guarantees amounting to Rs.41.11 crore against one working Government company[7] was outstanding. Unlike other States, no guarantee commission is being charged by the State Government.

7.1.2.3 Finalisation of accounts by working Government companies

The accounts of Government Companies for every financial year are required to be fianalised within six months from the end of the relevant financial year under Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of the financial year.

However, as could be noticed from ***Appendix XXVIII***, out of seven[8] working Government companies, no working Government company finalised accounts for the year 2001-02 within the stipulated period. During the period from October 2001 to September 2002, five working Government companies finalised seven accounts for previous years.

The accounts of seven working Government companies were in arrear for periods ranging from 1 to 16 years as on 30 September 2002 as detailed below:

Sl. No.	Number of working Government companies	Year from which accounts are in arrear	Number of years for which accounts are in arrear	Reference to serial number of Appendix-XXVIII
1	1	1986-87	16	6
2	1	1990-91	12	5
3	1	1994-95	8	2
4	1	1996-97	6	4
5	1	1998-99	4	3
6	1	2000-01	2	1
7	1	2001-02	1	7

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the companies within prescribed period. Though, the concerned administrative departments and officials of the Government were apprised quarterly by the audit regarding arrear in finalisation of accounts, no effective measures have been taken by the Government and as a result, the net worth of these companies could not be assessed in audit.

7.1.2.4 Financial position and working results of working Government companies

The summarised financial results of working Government companies as per latest accounts are given in ***Appendix XXVIII***.

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7 Serial No. 1 (Doiwala Sugar Company Limited)of Appendix XXIX.

8 Excluding companies at Serial No. A-8 (Doiwala Suagr Company Limited), A-9 (Uttaranchal Power Corporation) and A-10 (Uttaranchal Jal Vidyut Nigam Limited) of Appendix XXVIII, whose first accounts were not due.

According to latest accounts of seven working Government companies (out of 10), six companies had incurred an aggregate loss of Rs.5.37 crore and one company (Kumaon Mandal Vikas Nigam Limited) earned a profit of Rs.1.01 crore. Accounts of three companies were not due.

7.1.2.5 Profit earning working Government companies and dividend

Out of seven working Government companies, no company finalised its accounts for 2001-02 by September 2002. The Government has not formulated any dividend policy for PSUs.

Similarly, out of five working Government companies which finalised their accounts for previous years (during October 2001 to September 2002), only Kumaon Mandal Vikas Nigam Limited earned profit for two or more successive years.

7.1.2.6 Loss incurring working Government companies

Of the six loss incurring working Government companies, two[9] companies had accumulated losses aggregating Rs.6.39 crore, which exceeded their paid-up capital of Rs.2.13 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to one[10] company amounting to Rs.0.10 crore by way of loan during 2001-02.

7.1.2.7 Return on Capital Employed

As per the latest accounts (upto September 2002), the capital employed[11] worked out to Rs.92.65 crore in 10 working Government companies and total return[12] thereon amounted to Rs.2.10 crore (2.27 *per cent*) as compared to total return of Rs.4.85 crore (5.41 *per cent*) in the previous year (accounts finalised up to September 2001).

The decrease in return on capital employed in Government companies was mainly due to heavy losses in the Sugar sector.

The details of capital employed and total return on capital employed in case of working Government companies are given in ***Appendix XXVIII***.

7.1.3 Non-working Government companies

7.1.3.1 Investment in non-working Government companies

The total investment in seven non-working Government companies at the end of March 2001 and at the end of March 2002 was as follows:

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9 Serial No. A-1 (Transcables Limited) and A-5 (Garhwal Anusuchit Janjati Vikas Nigam Limited) of Appendix XXVIII.

10 Serial No. A-5 (Garhwal Anusuchit Janjati Vikas Nigam Limited) of Appendix XXVII.

11 Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

12 For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss account.

(Rupees in crore)

Year	Number of non-working companies	Investment in non-working Government companies			
		Equity	Share application money	Loan	Total
2000-01	7	3.14	-	0.17	3.31
2001-02	7	3.14	-	0.17	3.31

The classification of non-working Government companies was as under:

(Rupees in crore)

Sl. No.	Status of non-working companies	Number of companies	Investment Companies	
			Equity	Long term loans
(i)	Under liquidation	3[13]	2.92	-
(ii)	Others[14]	4[15]	0.22	0.17
	Total	7	**3.14**	**0.17**

Of the above non-working Government companies, three Government companies were under liquidation or closure under Section 560 of the Companies Act, 1956 for 6 to 11 years and investment of Rs.2.92 crore was involved in these companies. Effective steps need to be taken for their expeditious liquidation or revival.

The investment in equity and long term loan in various sectors (industry and electronics) and percentage thereof, at the end of 31[st] March, 2001 was Rs.3.14 crore and Rs. 0.17 crore respectively which represented 94.86 *percent* and 5.14 percent of investment and remained unchanged during 2001-2002.

7.1.3.2 Budgetary outgo, grant/subsidy, guarantees, waiver of dues and conversion of loans into equity

The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government to non-working Government companies are given in *Appendix XXVII* and *XXIX*.

The State Government had not given budgetary support to non-working Government companies during 2001-02.

7.1.3.3 Finalisation of accounts by non-working Government companies

The accounts of seven non working companies were in arrear for periods ranging from 6 to 15 years as on 30 September 2002 as could be noticed from *Appendix XXVIII.*

13 Serial No. B-2 (UPAI Limited), B-6 (Teletronix Limited) and B-7 (Kumaon Television Limited) of Appendix XXVII. The equity capital of Teletronix Limited (Rs. 174.71 lakh reported by the Company in Appendix XXVII) was Rs. 334.71 lakh in Appendix XXVIII (Paragraph 7.1.3.4). The difference of Rs. 160.00 lakh due to incorrect reporting was under reconciliation.

14 Defunct and non-operating companies.

15 Serial No. B-1, B-3, B-4 and B-5 of Appendix XXVII.

7.1.3.4 Financial position and working results of non-working Government companies

The summarised financial results of non-working Government companies as per their latest accounts are given in *Appendix XXVIII.*

The summarised details of paid-up capital, net worth, cash loss/profits and accumulated loss/accumulated profit of non-working Government companies as per latest accounts are given below:

(Rupees in crore)

Particular	Paid-up capital	Net worth[16]	Cash loss(-) / profit[17] (+)	Accumulated loss (-) / profit (+)
Non-working companies	4.70	(-) 4.08	(-) 1.75	(-) 8.76

7.1.4 Results of audit by Comptroller and Auditor General of India

During the period from October 2001 to September 2002, the audit of accounts of seven Government companies (five working and two non-working) were selected for review. The net impact of the important audit observations as a result of review of the Government companies were as follows:

Details	No. of accounts	Rs. in lakh
(i) Decrease in profit	1	75.95
(ii) Increase in loss	2	27.21
(iii) Non disclosure of material facts	2	238.63
(iv) Errors of classification	1	8.87

Some of the major errors and omissions noticed in the course of review of annual accounts of some of the above Government companies are mentioned below:

7.1.4.1 Errors and omissions noticed in case of Government companies

Kumaon Mandal Vikas Nigam Limited (1997-98)

- Interest and financial charges (Rs.0.68 crore) were understated by Rs.19.45 lakh due to non-provision of interest on a loan of Rs.19.13 lakh leading to understatement of accumulated loss by Rs.19.45 lakh and overstatement of profit for the year by Rs.2.81 lakh.

Garhwal Mandal Vikas Nigam Limited (1994-95)

- Despite commencement of commercial working of Ropeway Project from 31 March 1994, its cost was not capitalised. This resulted in understatement of gross block by Rs.14.48 crore, overstatement of capital work-in-progress by Rs.6.18 crore, loans and advances by Rs.8.30 crore and understatement of depreciation and loss by Rs.4.34 crore.

15 Net worth represents paid-up capital *plus* free reserves *less* accumulated loss.

17 Cash loss/profit represents loss/profit plus depreciation for the year.

7.1.4.2 Persistent irregularities and system deficiencies in financial matters of Government companies

Kumaon Mandal Vikas Nigam Limited

- Sundry debtors (Rs.0.94 crore) included unaccepted claim of Rs.46.99 lakh due from the Forest Department and others for sale of polythene bags and barbed wire up to 1991 at increased rates. Although, commented upon by the Comptroller and Auditor General of India on the accounts of the Company for the year 1996-97 and 1997-98, the accounts were not corrected.

- Interest received (Rs.1.06 crore) included interest amounting to Rs.0.55 crore earned on unspent amount of establishment funds (Government grants), which should have been credited to the relevant fund. Although commented upon by the Comptroller and Auditor General of India on the accounts of the Company for the years 1995-96 to 1997-98, the Company has not corrected the accounts.

7.1.5 Recommendation for closure of Government companies

Even after completion of five years of their existence, the turnover (sales and other income) of four working Government companies (***Appendix XXX***) have been less than Rs.5 crore in each of the preceding five years of latest accounts. Similarly, two working Government companies (***Appendix XXXI***), had also been incurring losses for five consecutive years (as per latest accounts) leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve the performance of the above Government companies or consider their closure.

7.1.6 Response to Inspection Reports, Draft paras and reviews

Audit observations noticed during audit and not settled on the spot are communicated to the head of Government companies and concerned departments of State Government through Inspection Reports. The heads of Government companies are required to furnish replies to the Inspection Reports through respective heads of departments within a period of six weeks. Inspection Reports issued up to March 2002 pertaining to 10 Government companies disclosed that 1057 paragraphs relating to 361 Inspection Reports remained outstanding at the end of September 2002.

Of these, 71 Inspection Reports containing 252 paragraphs had not been replied for more than five years. Department-wise break-up of Inspection Reports and Audit Observations outstanding as on 30 September 2002 is given in ***Appendix XXXII***.

Similarly, draft paragraphs and reviews on the working of Government companies are forwarded to the Principal Secretary, Finance and the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that two draft paragraphs and one draft review forwarded to the various departments during May to July 2002, as detailed in ***Appendix XXXIII***, had not been replied so far.

It is recommended that (a) the Government should ensure that procedure exists for action against the officials who failed to send replies to Inspection Reports/draft paragraphs/reviews as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment in a time bound schedule and (c) revamping the system of responding to the audit observations.

7.1.7 Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings

On creation of Uttaranchal State from 9 November 2000, the reviews and paragraphs pertaining to the States of Uttar Pradesh and Uttaranchal are to be bifurcated between them. Further, no discussion of such Audit Reports has taken place as of September 2002.

7.1.8 Departmentally managed Government Commercial/quasi-commercial Undertakings

(i) General

Consequent upon formation of Uttaranchal State with effect from 9 November 2000 under the Uttar Pradesh Reorganisation Act 2000, the assets and liabilities of the undertakings already situated in the Uttaranchal State were to be passed on to the newly formed state.

Accordingly, the assets and liabilities of the following undertakings located within the State stood transferred to the newly created State from the aforesaid date.

Sl. No.	Department	Name of the undertakings
1.	Food and Civil Supplies	**Grain Supply Scheme** o Regional Food Controller, Dehradun o Regional Food Controller, Haldwani.
2.	Irrigation	Irrigation Workshop Division, Roorkee
3.	Animal Husbandry	o State Livestock and Agriculture Farms, Kalsi, Dehradun o State Livestock and Agriculture Farms, Majhara, Dehradun
4.	Health	Rishikul Ayurvedic Pharmacy, Hardwar

(ii) Lack of accountability for the use of public funds in departmental commercial/quasi-commercial undertakings

Activities of quasi-commercial nature are performed by the departmental undertakings of the Government departments. These undertakings are to prepare pro-forma accounts annually in the prescribed format showing the results of financial operation so that Government can assess the results of their working and submit them to the Accountant General by 30 June. The Heads of Departments in Government are to ensure that the undertakings, which are funded by the budgetary release, prepare the accounts on timely basis and submit the same to Accountant General for audit.

As of June 2002, the value of the assets and liabilities of the undertakings passed on by Uttar Pradesh to Uttaranchal State remained undetermined. In the absence of the value of the assets and liabilities acquired, none of these undertakings have finalized their accounts for the period 9 November 2000-March 2001 and 2001-02. Thus, the accounts in all the cases were in arrears for a period of two years. As a result, accountability of the management and Government in respect of the public funds spent by these undertakings could not be ensured.

SECTION-A: REVIEW

Uttaranchal Jal Vidyut Nigam Limited

7.2 Implementation and Performance of Small and Mini Hydel Projects

Highlights

Uttaranchal Jal Vidut Nigam Limited (UVN) was established on 12 February 2001 as a wholly owned State Government Company on bifurcation (9 November 2000) of the State of Uttar Pradesh. The main objectives of UVN were to establish/operate/maintain hydro-electric generating stations, tie-lines, sub-stations and connected transmission lines for promoting use of electricity within the State. Till creation of UVN the activities of the small and mini hydel projects of the State of Uttaranchal were managed by Uttar Pradesh Jal Vidut Nigam Limited (JVN) that was established in April 1985 as a wholly owned State Government Company. JVN completed 11 projects after a delay of 17 to 86 months at an increased cost of Rs.49.58 crore. Nine projects were behind the schedule of completion by 3 to 116 months.

[Paragraphs 7.2.1.1 and 7.2.2.1]

- **In Belka and Babail projects (each of 3 MW), there were delays in acquisition of land, approval of drawings and start of work causing increase in the cost of the project as claims of Rs.1.61 crore had to be admitted.**

[Paragraph 7.2.2.2[

- **Execution of projects was marked by (i) extra expenditure of Rs.0.82 crore in earth work (ii) avoidable payment of Rs.0.54 crore on extra lead and (iii) wasteful expenditure of Rs.1.04 crore due to excessive earth cutting.**

[Paragraphs 7.2.4.2.1 to 7.2.4.2.2, and 7.2.4.2.4]

- **There was shortfall in capacity utilisation in nine completed projects, ranging between 3 and 61 per cent involving a shortfall in generation of Rs.690.90 lakh units of energy. Against envisaged outages of 3 per cent, the actual outages were more and resulted in a loss of Rs.0.88 crore.**

[Paragraph7.2.5.1 and 7.2.5.3]

- **Use of double circuit transmission line instead of required single circuit line resulted in infructuous expenditure of Rs.1.53 crore, use of higher specification poles resulted in excess expenditure of Rs.44 lakh and electrification of non-existent villages at a cost of Rs.22 lakh.**

[Paragraphs 7.2.6.2 to 7.2.6.4]

- **Mismanagement of activities further resulted in avoidable liability for refund of subsidy (Rs.40.53 lakh), avoidable interest liability (Rs.7.21 crore) and non-realisation of energy sold (Rs.10.90 crore).**

[Paragraph7.2.7.1 to 7.2.7.3]

7.2.1.1 Introduction

Uttaranchal Jal Vidyut Nigam Limited (UVN) was established on 12 February 2001 as a wholly owned State Government Company on bifurcation (9 November 2000) of the State of Uttar Pradesh. The main objectives of UVN were to establish/operate/maintain hydro-electric generating stations, tie-lines, sub-stations and connected transmission lines for promoting use of electricity within the State. Till creation of UVN the activities of the small and mini hydel projects of the State of Uttaranchal were managed by Uttar Pradesh Jal Vidyut Nigam Limited (JVN)[18] that was established in April 1985 as a wholly owned State Government Company.

The generation cost of small and mini hydel projects is low due to low investment, low generation cost, short gestation period and subsidised capital cost for the projects in hills[19]. It also has the added advantage of utilising available water resources as input without disturbing ecology and environment. In view of this, JVN undertook construction of 7[20] small (above 2 MW) and 13 mini hydel projects (up to 2 MW) from December 1987 having aggregate capacity of 35.55 MW. In addition, three micro projects with an installed capacity of 1.20 MW (Harsil, Gauri and Suringad) were taken over (1999-2000) from erstwhile Uttar Pradesh State Electricity Board. Thus, JVN had 23 project as of March 2000.

7.2.1.2 Organisational set-up

At present (November 2002) the overall management of UVN vests in a Board of Directors comprising a whole time Chairman-cum-Managing Director, three whole time Directors (Finance, Projects and Operation) and seven part time Directors, all nominated by the Government of Uttaranchal. The overall management of JVN vests in a Board of Directors comprising a whole time Chairman-cum-Managing Director (CMD), two whole time directors (Technical and Finance) and seven part time directors. CMD is the chief executive of JVN for managing day to day activities and is assisted by the Director Technical (DT) and Director Finance (DF)[21]. A General Manager with headquarters at Lucknow and another General Manager with headquarters at Dehradun assist the DT in planning, implementation and operational functions and in civil works respectively. Up to 13 January 2000, the accounting functions were also being looked after by the GMH.

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[18] JVN was known as Uttar Pradesh Alparthak Evam Laghu Jal Vidut Nigam Limited till November 1998.
[19] Subsidies are not available in case of such projects in plains.
[20] Including Belka, Babel and Sheetla projects in plains (under constructions).
[21] Posted from 14.01.2000.

7.2.1.3 Scope of Audit

The implementation and operational performance of 20[22] small and mini hydel projects (out of 23) were reviewed during August 2001 to February 2002 for a period of five years from 1996-97 to 2000-01[23]. DPRs and other records (cash book, payment vouchers, measurement books, store records, drawings and designs, progress report etc.) relating to execution of works alongwith MIS were examined during audit.

These points are discussed in the succeeding paragraphs:

7.2.2 Planning and implementation of projects

Proper project planning is essential to meet the avowed objectives within a given time frame and in a cost-effective manner. It involves preparation of a feasibility study, selection of executing agencies, specifying time schedules, and instituting mechanism for monitoring physical progress and ensuring quality control. It also involves advance planning for acquisition of land, expeditious finalisation of tenders and drawings to ensure timely start and completion of a project.

7.2.2.1 Lack of planning leading to delays and losses

Lack of planning and haphazard manner of undertaking projects caused delays ranging between 17 and 86 months in case of 11 completed projects

It was noticed by Audit that 11 projects were completed (between December 1992 and June 1999) at a cost of Rs.49.58 crore, and 9 projects (started from September 1991 at an estimated cost of Rs.57.75 crore) were in the process of completion as of June 2001. It was noticed in audit that the increase in cost of completed projects ranged between 67 and 83 *per cent*. The status of these projects as detailed in *Appendix XXXIV* and *XXXV* are summarised below:

Attributes	No. of projects	Investment (Rs. in crore)			Increase in cost up to March 2001 (*per cent*)
		Envisaged	Actual	Excess	
Completed projects (Appendix-XXXIV)					
Small	2	12.36	20.59	8.23	67

22 Out of 23 projects, 20 mini hydel projects were transferred to newly created (9.11.2000) Uttaranchal state and thus, only three small projects (Belka, Babel and Sheetla) remained with JVN from 14.01.2000 and Deokhet mini project was abandoned mid way.

23 Except for Belka, Babil and Sheetla, other 17 projects stand transferred to Uttaranchal. However, assets and liabilities were in the process of transfers as of November 2002.

Attributes	No. of projects	Investment (Rs. in crore)			Increase in cost up to March 2001 (*per cent*)
Mini	9	15.80	28.99	13.19	83
Sub-total	**11[24]**	**28.16**	**49.58**	**21.42**	**76**
		Envisaged	**Actual**	**Excess**	
Projects-in-progress (Appendix-XXXV)					
Small	5	43.02	53.31	10.29	24
Mini	4	14.73	12.46	(-) 2.27	--
Sub-total	**9[25]**	**57.75**	**65.77**	**8.02**	**14**
Grand total	**20**	**85.91**	**115.35**	**29.44**	**34**

Nine incomplete projects were behind schedule by 3 to 116 months

Further, as can be seen from the ***Appendix XXXIV***, the delays in case of completed projects (except two projects completed within time) ranged between 17 and 86 months. The incomplete projects (***Appendix XXXV***) were behind schedule by 3 to 116 months. Main reasons for delays were haphazard manner of undertaking the projects, lack of sequence scheduling and absence of PERT and CPM[26] techniques for monitoring each and every segment of critical areas for successful and timely completion of execution. This also resulted in avoidable expenditure as discussed below:

7.2.2.2 Loss due to delays in acquisition of land, delayed approval of drawings etc. and consequent belated start of works

Belka[27] and Babail projects (each of 3 MW and in progress) were situated in a forest zone. Despite the fact that the Government approved these projects as far back as in September 1986, JVN started the process of forest clearance from 1988 i.e. after a delay of about 2 years. Even before forest clearance, JVN entered into agreements for Belka project in July 1988 for Rs.1.55 crore (civil works) and Rs.4.11 crore (electro-mechanical works) with FCC Projects Private Limited, Kanpur (FCC) and Punjab Power Generation Machines Limited, Chandigarh (PGM) respectively and for Babail project in September 1988 for Rs.6.22 crore (on turnkey basis including electro-mechanical works) with PGM.

24 Small - Sobla I (6 MW) and Urgam (3 MW); Mini - Kanchauti (2 MW), Kulagad (1.2 MW), Chhirkila (1.5 MW), Barar (0.75 MW), Chharandeo (0.4MW), Taleshwar (0.6MW), Garaon (0.3MW), Sapteshwar (0.3MW) and Kotabagh (0.2 MW)..

25 Small - Belka (3 MW), Babail (3 MW), Relagad (3 MW), Pilangad (2.25 MW) and Sheetla (3.6 MW); Mini - Jumagad (1.2 MW), Soneprayag (.0.5 MW), Sobla-II (1.5 MW), and Badrinath (1.25 MW).

26 roject evaluation and review technique and critical path analysis.

27 Discussed in paragraph 4A.6 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999

In case of Belka project, construction could be taken up only from December 1996 through another civil contractor (viz. Trilok Chand Gupta, Hardwar for Rs.3.60 crore) as the earlier contract for civil works had to be rescinded (November 1991) on account of delays and lapses on the part of JVN to expedite forest clearance (obtained in April 1990) and acquisition of land, thereafter, (in November 1990) and delay of 18 months (15 November 1988 to 26 April 1990) in providing drawings. Due to the delay, FCC claimed (date not intimated) Rs.64.25 lakh on account of various damages against which a claim for Rs.9.83 lakh was admitted and paid (22 January 1997). The contractor had carried out minor earthwork and boring for tube wells (value of work done not intimated) only. PGM could start the work of supply, erection, commissioning, running and maintenance of this project only from January 1999 due to delay in handing over site after completing civil works. There were delays in despatch of equipment due to non carrying out of inspections by JVN, issue of despatch clearance, issue of Form 31, suspension of further supply orders for nearly 4 years, delay in approval of drawings etc. Due to these lapses, JVN had to admit (6 May 1999) claim of Rs.0.55 crore on account of insurance and storage charges, establishment charges, revamping charges etc. due to prolonged storage and price escalation. The total cost of the project consequently increased by Rs.0.65 crore. Against this, JVN paid (26 October 1999) Rs.22 lakh. Balance payment was yet to be made (September 2002).

Similarly, in case of Babail project, a claim for Rs.0.96 crore had to be admitted (March 2001). This included Rs.30 lakh on account of cost of insurance, establishment, foreign exchange variation, extension of bank guarantee etc. and Rs.0.66 crore towards price escalation on account of delay in handing over of site, delay in electric connection and non-availability of construction drawings (delay of 27 months). The total cost of the project consequently increased by Rs.96 lakh. Payment was yet to be made (June 2001).

7.2.2.3 Non-verification of water discharge data

Failure to consider actual availability of discharge of water before start of the work led to low generation of power

Designing of plant and machinery for hydel power stations depends on adequate head (height of waterfall) and water discharge. The 300 KW power plant at Sapteshwar was sanctioned in March 1989. It was designed for 0.48 cumec (cubic metre per second – MKS system) water discharge. The work started from October 1991 and the plant was commissioned in March 1994. It was constructed at a cost of Rs.2.77 crore with rainfall data only for a period of 251 days (9.08.86 to 31.05.87). The discharge of water during this period ranged between 0.26 to 0.48 cumec. The decision to construct the power station of a capacity of 300 KW on the basis of data of rainfall which was more than 4 years old was faulty *ab initio*.

It was noticed by Audit that when the plant was put to commercial load, it could operate only to a capacity ranging from 7 to 20 *per cent* during

1994-2001 due to lower availability of discharge of water that ranged between 0.03 to 0.40 cumec (except for 0.50 cumec in the month of June/July 2000) as against the planned availability of 0.48 cumec.

Management stated (January 2002) that plant could generate 300 KW subject to availability of water (rain-fed). Reply is not tenable as despite huge downpour in June 2000 and availability of dam (of one metre height) constructed for feeding the required water for operation of machine, the plant could not generate energy of 300 KW. Moreover, Management reply confirmed that on a regular basis, the plant could not generate 300 KW of power.

7.2.2.4 Delays in award of tenders/finalisation of agreements

In 12 other projects, where there were no disputes in availability of land, JVN took 14 to 87 months in finalisation of tenders from the date of approval (between March 1986 and November 1998) of projects by the State Government. The detailed project report envisaged 10 months period for finalisation of tenders, against which 4 to 87 months were actually taken leading to delayed implementation of the projects.

The details are given in ***Appendix XXXVI***.

7.2.3 Commercial viability of the projects

For a commercial organisation, it is necessary to ensure that it implements only commercially viable projects. It was noticed that only such projects as were subsidised by the State Government were commercially viable. Subsidy is available only in case of projects located in hills.

7.2.3.1 Undertaking of commercially uneconomic projects

The Company undertook two financially unviable projects without obtaining any financial commitment for subsidy

A test check by Audit of two projects (Belka: approved by PIB on 18.9.86 and Sheetla approved by PIB on 25.11.98, located in plains) revealed that these projects were conceived on the assumption that the State Government would subsidise these projects, though subsidy would be available only to the projects in hills. Further, the detailed project report (DPR) of Belka envisaged (September 1986) 3.78 *per cent* return (against 11.56 *per cent* prescribed by the Central Electricity Authority for project viability), the DPR of Sheetla (3.6 MW, in progress) did not envisage (September 1998) any return but indicated unit cost of generation of Rs.3.93 at 75 *per cent* water dependability and Rs.3.33 at 50 *per cent* water dependability (against sale rate of Rs.2.25 per unit, subsequently lowered to Rs.1.70 per unit from 2000-01). Both these schemes were viable only when capital cost thereof was subsidised. For this, JVN submitted the DPR with a request to subsidise them suitably.

However, these projects had to be undertaken through loans[28] at the interest rate of 14 *per cent* per annum (Rs.16.19 crore for Belka and Rs.1.94 crore for Sheetla) from the State Government.

These projects were not viable *ab initio* and should not have been undertaken at all, more so when subsidy was not available for these projects.

Management stated (January 2002) that there was no provision for subsidy for projects located in plains. Further, the objective of undertaking these projects was to strengthen distribution network and to ensure reliable supply. The reply is not tenable as undertaking of not commercially viable projects was detrimental to the interests of JVN.

7.2.3.2 Undertaking of a project not approachable by road

The Company undertook a project not accessible by road that not only delayed it but also entailed increase in cost by 131 *per cent*

The location of Jumagad project (1.2 MW, in progress) was on the river Dhauliganga in the upper regions of Chamoli district. The project was conceived in a remote hill terrain which was not accessible by road for more than six months in a year due to heavy snowfall. This vital fact was suppressed in the DPR submitted to the Government, wherein it was stated that the project was situated on all weather highway.

On account of this factual mis-statement, the project (approved by the State Government in December 1990), undertaken from September 1991 could not be completed as of June 2001. Against the approved cost of Rs.3.12 crore envisaged in the DPR to be met out from subsidy, an amount of Rs.7.19 crore (increase by 131 *per cent*) has already been spent up to July 2001 and the management expected the project to be completed by October 2001. However, the project is yet to be completed (September 2002).

7.2.4 Execution of the projects

7.2.4.1 Undue suspension of work

Government approved Chharandeo hydro scheme on 27 March 1989 at total cost of Rs.1.45 crore in which the cost of generation was envisaged at Rs. 0.68 per unit. JVN executed two agreements (November 1991 and March 1992) for execution of civil and electro-mechanical works at Rs.2.06 crore with completion period of 30 months.

The civil work was started in December 1991. Before the work could be completed JVN, however decided (August1994) to suspend the work as it was felt that the project was unviable due to high cost of generation which was estimated to range between Rs. 6 to Rs. 10 per unit against Rs. 0.68 per unit envisaged in the project report.

[28] Equal to expenditure incurred up to June 2001.

In March 1996, the Energy Department decided that JVN should complete the work and accordingly it was asked to submit a revised DPR. The revised DPR was approved by Government in June 1996 at a revised cost of Rs.1.97 crore and the cost of generation was projected at Rs.0.97 per unit at 40 *per cent* load factor. The project was completed in June 1999 after incurring an expenditure of Rs.2.20 crore. The work of Chharandeo project was thus, delayed by 18 months resulting in the denial of the availability of electricity to the targeted population in the backward and remote areas, delaying their economic and social upliftment and loss of potential generation.

7.2.4.2 Avoidable construction costs

7.2.4.2.1 Excess earthwork

The Company incurred extra expenditure of Rs. 0.82 crore on excessive earth work beyond the prescribed depth

The revised estimate of Babail project submitted (December 1999) by the Irrigation Department (ID), as incorporated by the Company in revised DPR of March 2001, provided for re-grading in depth of 2.7 mtrs in the bottom of East Yamuna Canal from chainage 32.23 kms to 34.53 kms. (2300 mtr and width 40 mtr). However, the Dehradun Division of the Company incorrectly executed re-grading up to the depth of 3.5 mtrs (excess earth cutting by a depth of 0.8 mtrs). The Company, thus, incurred an extra expenditure of Rs.0.82 crore (at the rate of 111.53 per cum) due to excessive earthwork of 73600 cum {(2300 x 40 x 3.5) *minus* (2300 x 40 x 2.7)} done beyond the prescribed depth.

7.2.4.2.2 Avoidable payment towards extra lead

The Company made avoidable payment of Rs.0.54 crore on excessive lead

The disposal of surplus earth from execution of civil work at Belka project was to be done at a lead (point of earth cutting to the point of disposal of earth) up to 100 mtrs only as per agreements of 6 July 1988 and 14 November 1996. Both these agreements were rescinded after execution of minor earthwork only. Finally, the work was split-up and got executed through six agreements, three each of March 1999 and September 1999 where a higher lead of 2 kms was allowed. Further, measurement of such lead was not found recorded in the measurement books. Thus, JVN made avoidable payment of Rs.0.54 crore due to extra lead not contemplated in earlier agreements and not measured at the time of actual execution.

Management stated (January 2002) that the lead of 1-2 kms was included as physically the land was not available for earth disposal. The reply is not tenable in the absence of measurement of actual disposal/lead in the measurement book.

7.2.4.2.3 Excess laying of pen stock pipe

Kumar Udyog, Varanasi was awarded (May 1991) the work on turn key basis for electro mechanical work including designing and commissioning of 1200 KW hydro project at Kulagad at a cost of Rs.2.01 crore. The length of pen stock pipe in the project was initially designed for 460 mtrs, keeping in view the design of turbine and allied equipment. However, in execution, the length of pen stock pipe was enhanced to 600 mtrs without any corresponding modification in the design of turbine and allied equipment. During operation of the project, it could not run to its installed capacity. It was noticed in audit that the excess length of pen stock pipe had acted as a deterrent to the efficiency of the turbine and allied equipment by creating a negative surge. To overcome this problem of the negative surge, JVN had to install a pipe with wall arrangement (cost thereof could not be ascertained). Installation of excessive pen stock pipe involved an avoidable expenditure of Rs.5 lakh. Further, the project could not be run at more that 31 *per cent* against envisaged 50 *per cent* PLF resulting in loss of potential revenue of Rs.1.14 crore (Sl. No. 1 of *Appendix XXXVII*).

7.2.4.2.4 *Excessive earth cutting*

Expenditure of Rs.1.04 crore became wasteful due to excessive earth cutting

The two turbines (each of 1500 KW) of Belka project (under progress) were designed for a minimum head[29] of 5.20 mtrs. The height of the head was to be achieved by dismantling of Belka fall of 2.94 mtrs at chainage of 22.51 kms, Dayalpur fall of 1.66 mtrs at chainage of 22.64 kms and regrading (change of slope by earth cutting or earth filling in the bed of canal) East Yamuna Canal of 0.60 mtr. by reducing the existing slope of 0.375 mtr/km to 0.25 mtr/km between 22.54 to 27.30 kms chainnage.

However, instead of reducing the slope to 0.25 mtr/km, JVN achieved a slope of 0.51 mtr/km. due to excess cutting of earth. This work, therefore, proved futile as the turbines could not be put to use due to mismatch of designed head and achieved head. This resulted in entire expenditure of Rs.1.04 crore becoming wasteful. The project is still under progress as of June 2001.

7.2.5 Operational performance

7.2.5.1 *Shortfall in capacity utilisation*

Capacity utilisation is the ratio of installed capacity to the actual generation. Shortfall in capacity utilisation of nine completed projects[30] ranged between 3 and 61 *per cent* from the date of commissioning to March 2001 as detailed below:

Year	No. of working projects	Range of capacity utilisation (*per cent*)
199619-97	4	4-37
1997-1998	5	18-45
1998-1999	6	10-61
1999-2000	7	13-58
2000-2001	9	3-54

29 Height of fall from which water discharge is available to the turbine for the movement of turbine.

30 Out of 11 completed projects, one project Kotabagh was transferred from erstwhile UPSEB and one project Garon was although completed in June 1999 but put on commercial load in October 2001, hence both project could not be included.

Due to shortfall in capacity utilisation, JVN could generate only 724.98 lakh units against possible generation of 1415.87 lakh units (as envisaged in DPR) resulting in shortfall of 690.90 lakh units ***(Appendix XXXVII)*** of energy. Other lapses relating to low capacity utilisation have been discussed in paragraph 7.2.2.4 and 7.2.4.2.4 *supra*.

The Management attributed (January 2002) shortfall to low PLF, non-availability of grid, forced outages etc.

7.2.5.2 Delay in putting the project on commercial load

In the absence of an enabling clause, the contractors could not be held liable for damages for delays in putting projects on commercial load

The contractors engaged for construction of the projects were liable to complete the projects and put the same on commercial load before handing over to JVN. Further, except for rectification of defects, if any, the agreements with contractors did not stipulate any guaranteed time frame for bringing the machines on commercial load. The delay in putting seven projects (in other projects, delay was negligible) on commercial load after its successful completion ranged between 5 and 37 months resulting in loss of potential generation of 359.66 lakh units of energy valuing Rs.6.11 crore (at the sale rate of Rs.1.70 per unit). The details are given in ***Appendix XXXVIII***.

Management attributed (January 2002) this to the problems in the controlling device i.e governors (in five projects), electro-mechanical work (in one project) and delay in evacuation of power system (in one project). Reply is not tenable as in the absence of any penalty clause in the agreements in case of failure of the contractors to put the plants on commercial load in terms of contractual obligation period, JVN could neither get these defects removed from the contractor nor recover any damages for the delay.

7.2.5.3 Excessive outages

In some DPRs outages of 3 *per cent* for maintenance and periodical overhauling were provided. Against this, six projects had outages ranging between 4 and 22 *per cent*. This resulted in loss of potential generation of 51.56 lakh units valuing Rs.0.88 crore. The details are given in ***Appendix XXXIX***.

Management attributed (January 2002) excessive outages to non-availability of grid/rostering programme, poor maintenance of 11/33 KV lines by UPSEB, post outage of machines in the peak hours etc. The reply of Management is not tenable as no rostering is possible in grid. Further, availability of grid could have been ensured by approaching higher management of UPSEB/UPPCL. As regard, mismatch of frequency between grid and power station, suitable equipment to avoid mismatch could have been installed.

7.2.6 Power evacuation system – transmission and distribution network

7.2.6.1 Wasteful expenditure on monitoring and remote control system for power evacuation

Monitoring and remote control system (MRC) was to serve as a monitoring and control mechanism of four projects (Kanchauti, Chhirkila, Sobla I and Kulagad) from generation end to Dharchula Sub-station for further transmission to UPPCL's grid. The system was to be operated through a double circuit line connecting these powerhouses and was possible only after completion of the projects, including power evacuation system.

Injudicious decision for procurement of monitoring and remote control system from a sick Company resulted in a loss of Rs. 25 lakh

It was noticed by Audit that even before completion of power houses, JVN procured (between December 1989 and November 1992) MRC equipment at a cost of Rs.35 lakh from UPTRON India Limited, Lucknow whereas the projects were actually completed after a period of 14 to 70 months from the date of supply of MRC. Subsequently, the system could not be commissioned as supplier company became sick in 1992-93. Apart of system valuing Rs.10 lakh could be used as power line carrier communication through ABB in December 1999.

Thus, injudicious decision of JVN to procure the MRC 14 to 70 months before successful commissioning of these projects resulted in loss of Rs.25 lakh.

Management stated (January 2002) that the equipment supplied by UPTRON was of no use and therefore could not be installed.

7.2.6.2 Erection of double circuit line instead of single circuit line

The original DPRs of these projects (as discussed in para 7.2.6.1 above) envisaged (March 1986 and April 1987) construction of only single circuit 33 KV transmission line for power evacuation. However, construction of a double circuit transmission line (DCTL) was conceived (1989) for the purpose of control through MRC. With MRC becoming unusable (1992) due to failure on the part of the Management to commission the projects in scheduled time frame, construction of DCTL should not have been undertaken.

Construction of double circuit line instead of required single resulted in infractuous expenditure of Rs. 1.53 crore

JVN, however, constructed (1991-97) double circuit line (instead of a single circuit) with higher specification towers at a cost of Rs.3.07 crore. The second circuit line was constructed only after June 1993. At this point of time, JVN was fully aware that MRC could not be put to use and as such there was no need to construct the second circuit line. Hence, an expenditure of Rs.1.53 crore on construction of second circuit became infructuous.

Management stated (January 2002) that second circuit line was necessary to avoid the utilisation of power in case of breakdowns. The reply is indicative of the fact that the second circuit line was constructed despite knowing that it would remain idle except for its occasional use in case of breakdowns only.

7.2.6.3 Excess expenditure on poles of higher specifications

Use of higher specification poles resulted in excess expenditure of Rs. 44 lakh

As per norms of UPPCL, SP-55 type poles are required for laying of 33 KV line that are sufficient to obtain 6.113 metre ground clearance. The Indian Electricity Rules also provided for a minimum ground clearance of 6.1 meters along and across the street. However, JVN spent (1997-2000) Rs.67.14 lakh on 342 towers of higher specification against the admissible cost of Rs.23.77 lakh on SP-55 poles. Incidentally UPPCL had earlier constructed (1997-2000) 33 KV lines on SP-55 poles in the same terrain. This resulted in excess expenditure of Rs.44 lakh.

Management stated that higher specification towers were used on account of difficult hilly terrain. Reply is not tenable as UPPCL had already constructed 33 KV lines on SP-55 poles in the same terrain.

7.2.6.4 Electrification of non-existent villages

Electrification was to be done in the villages notified by census 1991. However against agreement No.34/1994-95 dated 15.3.1995, JVN electrified 22 nos. of villages during November 1996 to June 1998 at a cost of Rs.1.80 crore (November 2001) by Kashmiri Lal & Company Limited (KCPL), Ranikhet. It was noticed by Audit that Narain Ashram, Kheladhura and Tawaghat do not exist in the list of villages provided by census/erstwhile UPSEB/UPPCL. Further, Tantagaon and Roton were shown by KCPL to be two villages whereas list of census disclosed that Tantagaon Roton as one village instead of two.

Out of the cost of Rs.1.80 crore, an expenditure of Rs.1.21 crore was variable and chances of fraudulent claim of Rs.22 lakh (being stated to have been incurred on four non-existent villages) could not be ruled out.

Management stated (January 2002) that villages like Narain Ashram, Kheladhura, Rautang and Tawaghat were the tokes (Hamlets) of the villages. The reply is not tenable as the agreement was for electrification of villages and not for tokes.

7.2.7 Mismanagement leading to financial losses

JVN did not maintain project wise receipt and utilisation of fund nor did it maintain project-wise allocation and the funds were utilised in a haphazard manner. It also did not maintain cash flow analysis to ascertain the required fund for expenditure. This resulted in refund of subsidy, avoidable liability of interest, non-realisation of cost of energy, loss due to non-revision of tariff, excess payment of sales tax and non-recovery of advances leading to loss of Rs. 18.85 crore discussed in succeeding paragraphs:

7.2.7.1 Liability for refund of subsidy

JVN could not monitor progress of works resulting in withdrawal of subsidy in case of three mini hydro projects (Chharandeo 400 KW, completed in June 1999 and Taleshwar 600 KW completed in June 1999 and Pilangad 2250 KW, in progress sanctioned by the Government in 3/89, 3/89 and 10/93 respectively). The Ministry of Non-Conventional Energy Sources (MNES) had approved (March 1994) a subsidy of Rs.40.53 lakh for these projects. The first instalment 10 *per cent* of Rs.40.53 lakh was released in March 1994. The Government, however, decided (June 1994) to stop the work and transfer them to private sector in June 1994. Till then, an expenditure of Rs.0.80 crore was incurred on two projects (Chharandeo: Rs.37.19 lakh and Taleshwar: Rs.43.17 lakh). As no entrepreneurs turned up (April 1995), Government decided (March 1996) to re-start the work through JVN. Accordingly, revised estimates were submitted in May 1996 to Government for approval. Further subsidy was not released to it.

Meanwhile, MNES stipulated (April 1996) that JVN should refund subsidy along with interest if it failed to forward/revalidate orders for civil and electro-mechanical works by 30.6.1996. Again, in May 2001, MNES demanded refund alongwith penal interest as JVN failed to execute any agreement till the stipulated date. Thus, liability for refund of subsidy worth Rs.40.53 lakh plus interest devolved on JVN. No refund had been made as of December 2001.

Management stated (January 2002) that it was practically not possible to complete the process of tendering and bids within a short span of three months available after receipt of direction from MNES The reply is not tenable as the bill of quantity, specification for work etc. were known as per tender/contract of suspended work and three months period was more than the stipulated period of one month for submission of offers and another month for finalisation of bids as provided under financial rules.

7.2.7.2 Avoidable interest liability

For Belka project, JVN took (1986-87) a loan of Rs.3.58 crore at the rate of 14.5 *per cent* per annum. Against this, there was no expenditure in two years i.e. in 1986-87 and 1987-87. Despite the fact that a cash flow analysis has to be prepared and loans obtained based on such anticipated expenditure to avoid loss of interest, JVN drew loans each year which were more than required. A part of this was being kept in short term deposits, details of which were not available separately for loans. At the close of March 2001, loans aggregating Rs.17.43 crore were outstanding against an expenditure of Rs.14.70 crore.

By not ensuring that loans were drawn based on expenditure requirements, JVN incurred avoidable interest liability of Rs.7.21 crore due to poor financial management. The details are given in ***Appendix XL***.

Management stated (January 2002) that Forest Department gave clearance of land after a prolonged delay, which enhanced the interest liability. The reply is not tenable as JVN had the option to draw the loans only after ensuring that it was required to be utilised for the project. Further, the clearance from Forest Department was received in April 1990 but JVN did not plan its work so that interest liability was minimised to the extent possible.

7.2.7.3 Non-realisation of sale proceeds of energy

In the absence of MOU/PPA, the Company could not realise Rs.10.90 crore

JVN was supplying energy to UPSEB from 1990-91 out of the energy generated by it for which no formal agreement was entered. UPSEB did not make any payment except for Rs.1.60 crore (date of receipt not available) out of Rs.12.50 crore payable leaving a balance of Rs.10.90 crore up to 1998-99. Position thereafter could not be ascertained for want of reconciliation.

An MOU was signed in March 2000 that was made effective from January 2000. As per the MOU, the formal P.P.A. was to be signed within three months and till then payment was to be made at the rate of Rs.1.70 per unit. However, no formal P.P.A. was signed as of June 2001 nor any payment was received from UPSEB/UPPCL (June 2001).

7.2.7.4 Loss due to non-revision of tariff for villages

JVN was supplying energy to 516 consumers of villages of Dharchula Tehsil through its transmission and distribution network under the license sanctioned by the State Government at a lump sum rate of Rs.50 per month per connection as per the tariff at par with UPPCL. Meanwhile, Uttar Pradesh State Power Regulatory Commission (SRC) was constituted (14 January 2000) by the State Government that revised the tariff from 9 August 2000 to Rs.154.60 per month per connection (fixed charges Rs.25 and Rs.1.80 per unit for 72 units per month as a minimum for unmetred supply). However, JVN did not revise its tariff from 9 August 2000 at par with UPPCL. This resulted in loss of Rs. 8.10 lakh from 9 August 2000 to 8 November 2001 on account of non-revision of tariff.

JVN neither obtained licence for sale of electricity nor did it implement the tariff approved by SRC. Thus, it made itself liable for penalty under the SRC Act.

Management stated (January 2002) that it could not make compliance of the orders of SRC due to non-receipt of revised tariff.

Conclusion

The activities of JVN were marked by lack of planning leading to delays and losses on excessive earthwork, avoidable and wasteful expenditure in procurement of material and construction of power stations. Operational performance was marked by shortfall in capacity utilisation and excessive outages. Further, in power evacution system, JVN incurred infructuous expenditure on monitoring and remote control system and construction of transmission line with uncalled for higher specification. JVN needs to undertake only those projects that are viable and an endeavour should be made to complete the projects in time by close monitoring of execution of project.

The replies to certain paras have been received from Management, however, reply to the Review is yet to be received from the Company and the Government (November 2002).

SECTION 'B'-PARAGRAPHS

7.3 Miscellaneous topics of interest relating to Government companies

Uttaranchal Hill Electronics Corporation Limited

7.3.1 Loss due to payment made without receipt of goods

Failure to have proper tie-up with the supplier on back to back basis resulted in non-execution of supply to DGS&D and loss of Rs. 12.98 lakh.

Against a tender floated by Directorate General of Supplies & Disposals (DGS&D), New Delhi, the Company submitted (March 1997) a bid for supply of AF-FM signal generators and sweep generators after obtaining quotation from Unitech Instruments Limited (UIL) and loading thereto a margin of 10 *per cent*. After award of the contract (November 1997), the Company deposited a sum of Rs. 2.23 lakh with DGS&D in the shape of bank guarantee as performance security for due performance of contract.

To execute the supply order, the Company placed (January 1998) an order (Rs. 20.05 lakh) in favour of UIL for supply of the above generators with the condition that 80 *per cent* of the payment would be released against delivery made after satisfactory inspection/test report of inspecting agency authorised by DGS&D. As the offer of UIL of March 1997 expired in May 1997, it did not accept the payment terms and demanded (January 1998) 100 *per cent* payment against delivery. However, without ensuring delivery, the Company released 100 *per cent* payment (March 1998) amounting to Rs. 6.89 lakh to UIL (for 20 nos. signal generators and 15 nos. sweep generators). The UIL did not supply any generator even after extension of delivery period up to September 1998. The DGS&D forfeited (April 1999) the performance guarantee (Rs. 2.23 lakh). The advance paid to the firm could not be recovered during last four years in spite of criminal case instituted by it and the chances of its recovery were remote.

Failure of the Company to enter into a proper tie-up with the supplier on back to back basis resulted in non-recovery of Rs. 6.89 lakh as the amount of advance was released in haste without securing Company's interest. The Company has not been able to recover the amount of Rs. 6.89 lakh during the last four years with consequential loss of interest of Rs. 3.86 lakh on an average borrowing rate of 14 *per cent* per annum.

Thus, due to imprudent decision of the management; the Company suffered loss of Rs.12.98 lakh (Rs.6.89 lakh plus Rs. 2.23 lakh and interest Rs. 3.86 lakh).

The matter was reported to the Company and to the Government (May 2002); replies were awaited (June 2003).

Uttaranchal Power Corporation Limited

7.3.2 Under-charge of revenue due to application of incorrect tariff

Company incorrectly billed a consumer contrary to the provisions of agreement that resulted in loss of Rs. 1.50 crore.

Rate Schedule LMV-9 (Clause C), applicable to all consumers who had taken power temporarily for construction purpose, including civil works, provides that the rate of charges will be corresponding net rate of charge in appropriate rate schedule plus 25 *per cent*.

In test check of the records of EDD, Gopeshwar, it was noticed (June 2002) that J.P. Industries Limited, Chamoli (JPL), an Independent Power Producer (IPP), was sanctioned 200 KW of power load in July 1998 each at power house (Marware) site and the barrage site for construction of Vishnu Prayag, hydro electric power project, Joshimath. The load of the consumer was enhanced to 400 KW in December 2000 for both sites and further to 1450 KW in January 2002 at power house site. Clause 9 (b) of the agreement, executed with the consumer on 10 October 1999 provided for tariff as per rate schedule LMV-2 along with LMV-9 in view of notification No. 92 dated 25 January 1999. Accordingly, the consumer was required to be billed at Rs. 4.25 for first 100 KWH and Rs. 4.50 per KWH for the balance KWH, effective from 9 August 2000 (earlier rate being Rs. 4.25 per KWH) plus 25 *per cent* thereof.

Contrary to the above, the consumer was billed incorrectly under rate schedule LMV-4, (up to 100 units @ Rs. 1.90, next up to 200 units @ Rs. 2.50 and balance @ Rs. 2.90 per KWH) and also not billed 25 *per cent* on the above as applicable, which resulted in loss of revenue to the extent of Rs. 1.50 crore (Rs. 1.22 crore at Marware site and Rs. 0.28 crore at barrage site) during the period from October 1999 to May 2002.

The General Manager (Distribution) stated (September 2002) that the bills were raised as per the relevant rate schedule (LMV-1) and that LMV-9 was not specific for construction of hydro and thermal power projects and therefore was not applied. The reply is not tenable as rate schedule LMV-1 was applicable only to hydro projects constructed by the Board and not by other agencies. Further, the grant of concession was in violation of the contractual provisions.

The matter was reported to the Government (July 2002); the reply is awaited (June 2003).

Prabhat Chandra

Dehradun **(PRABHAT CHANDRA)**
The **Accountant General, Uttaranchal**

5 दिसम्बर DEC 2003

Countersigned

New Delhi **(VIJAYENDRA N. KAUL)**
The **Comptroller & Auditor General of India**

1 2 दिसम्बर DEC 2003

Appendices

Appendix I

(Reference: Paragraph 2.3.2; Page 21)

Details of expenditure which fell short by more than Rs. 1 crore each and also by more than 10 *per cent* of total provision

(Rupees in crore)

Sl. No	Grant Number	Name of Grant	Saving (percentage of total provision)
		Revenue-Voted	
1	1	Legislative Assembly	4.32 (69)
2	4	Administration of Justice	6.17 (26)
3	5	Education	4.92 (40)
4	6	Revenue and General Education	57.82 (40)
5	7	Financial, Taxes, Planning	400.89 (77)
6	8	Excise	1.85 (49)
7	11	Education Youth	104.99 (13)
8	12	Medical & Family Planning	44.72 (24)
9	13	Water Supply Housing	67.08 (27)
10	14	Irrigation	7.58 (69)
11	15	Welfare Scheme	38.53 (34)
12	16	Labour Employment	9.42 (41)
13	17	Agriculture Research	50.30 (30)
14	18	Co-Operation	4.01 (43)
15	19	Rural Development	155.04 (50)
16	20	Irrigation & Flood	24.81 (17)
17	21	Power	25.14 (65)
18	22	Public Works	20.55 (14)
19	23	Industry	10.47 (39)
20	24	Transport	11.25 (81)
21	25	Flood	5.3 (35)
22	26	Tourism	11.23 (61)
23	27	Forest	84.85 (33)
24	28	Animal Husbandry	21.13 (40)
		Capital Voted	
25	6	Revenue & General Administration	2.50 (100)

26	7	Finance, Taxes, Planning	12.56 (87)
27	11	Education & Youth	6.76 (34)
28	12	Medical & Family Welfare	8.18 (48)
29	13	Water Supply Housing	6.19 (50)
30	15	Welfare Scheme	10.15 (73)
31	17	Agriculture Research	6.21 (85)
32	18	Co-Operation	4.01 (48)
33	19	Rural Development	10.41 (73)
34	21	Power	23.81 (24)
35	23	Industry	1.61 (50)
36	26	Tourism	9.68 (59)
37	27	Forest	2.68 (94)

Appendix II

(Reference: Paragraph 2.3.3; Page 21)
Excess Expenditure over Grants/Appropriations

(Rupees)

Sl. No	Grant No.	Name of Grant/ Appropriation	Total Grant/ Appropriation	Actual Expenditure	Excess Expenditure
1			Capital -Charged		
	7	Finance Taxes, Planning, Secretariat and General Services,	2509646000	13210596979	10700950979
		Total	2509646000	13210596979	10700950979
2			Revenue -Charged		
	15	Welfare Schemes	Nil	10,000	10,000
		Total	Nil	10,000	10,000
3			Capital –Voted		
	20	Irrigation and Floods	358746000	466483633	107737633
4	25	Food	3303681000	5491313269	2187632269
		Total	3662427000	5957796902	2295369902
		Grand Total	6172073000	19168403881	12996330881

Appendix III

(Reference: Paragraph 2.3.4; Page 21)

Statement showing the expenditure in excess by more than 30 per cent of total provision and also above Rs. 10 crore.

(Rupees in crore)

Sl. No	Grant Number	Name of Grants	Total Grants	Actual Expenditure	Excess over the Grant (percentage of excess over total provision)
1	7	Finances, Taxes planning, Secretariat and General Services.	250.96	1321.06	1070.10 (426.40)
2	20	Irrigation & Flood Control	35.87	46.65	10.78 (30.05)
3	25	Food	330.37	549.13	218.76 (66.22)

Appendix IV
(Reference: Paragraph 2.3.5; Page 21)
Details of savings not surrendered

(Rupees in crore)

Sl. No	Grant Number	Description of grant	Saving	Surrendered	Saving which remained to be surrendered
		Revenue Voted			
1	1	Legislative Assembly	4.32	Nil	4.32
2	3	Council of Minister	0.83	0.20	0.63
3	4	Administration of Justice	6.17	Nil	6.17
4	5	Election	4.92	Nil	4.92
5	6	Revenue and General Administration	57.82	20.99	36.83
6	7	Finance Jobs	400.89	23.67	377.22
7	8	Excise	1.85	1.45	0.40
8	9	Public Service Commission	0.26	0.09	0.17
9	10	Police & Jail	14.03	7.93	6.10
10	11	Education Youth Welfare	104.99	6.35	98.64
11	12	Medical and Family Welfare	44.73	Nil	44.73
12	13	Water Supply Housing	67.08	Nil	67.08
13	14	Information and Broadcasting	7.58	Nil	7.58
14	15	Welfare Scheme	38.53	30.71	7.82
15	16	Labour and Employment	9.42	Nil	9.42
16	17	Agriculture & Research	50.30	24.80	25.50
17	18	Co-Operation	4.01	2.22	1.79
18	19	Rural Development	155.04	0.52	154.52
19	20	Irrigation & Flood	24.81	15.06	9.75
20	21	Power	25.14	Nil	25.14
21	22	Public Works	20.55	17.26	3.29
22	23	Industry	10.47	Nil	10.47
23	24	Transportation	11.26	Nil	11.26
24	25	Food	5.30	4.77	0.53
25	26	Tourism	11.23	11.14	0.09
26	27	Forest	84.85	37.48	47.37
27	28	Animal Husbandry	21.13	3.16	17.97
		Total Revenue Voted	**1187.51**	**207.80**	**979.71**
		Revenue Charged			
28	1	Legislative Assembly	0.34	Nil	0.34
29	2	Governor	1.99	Nil	1.99
30	4	Administration of Justice	9.73	Nil	9.73
31	7	Finance, taxes, planning	24.12	Nil	24.12
32	17	Agriculture and Research	0.24	Nil	0.24
33	19	Rural Development	0.04	Nil	0.04
34	22	Public Works	0.53	0.47	0.06
35	24	Transport	0.01	Nil	0.01
36	27	Forest	0.12	0.07	0.05
		Total Revenue Charged	**37.12**	**0.54**	**36.58**
		Capital –Voted			
37	6	Revenue & General administration	2.50	Nil	2.50
38	7	Finance and Taxes	12.56	Nil	12.56
39	10	Police & Jail	1.17	0.53	0.64
40	11	Education	6.76	1.38	5.38
Sl. No	**Grant Number**	**Description of grant**	**Saving**	**Surrendered**	**Saving which remained to be surrendered**
41	12	Medical & Family Welfare	8.18	Nil	8.18
42	13	Water Supply Houding	6.19	Nil	6.19
43	15	Welfare Schemes	10.15	8.05	2.10
44	17	Agriculture & Research	6.21	0.98	5.23
45	18	Co-Operation	4.01	2.38	1.63
46	19	Rural Development	10.41	Nil	10.41

47	21	Power	23.81	Nil	23.81
48	22	Public Works	40.17	55.94	-
49	23	Industry	1.61	Nil	1.61
50	24	Transport	0.13	Nil	0.13
51	26	Tourism	9.68	9.58	0.10
52	27	Forest	2.68	1.39	1.29
53	28	Animal Husbandry	0.93	Nil	0.93
		Total Capital Voted	**147.15**	**80.23**	**82.69**
Grand Total			**1371.78**	**288.57**	**1098.98**

Variation in grand total is due to excess surrender of Rs. 15.77 crore over saving at Sl. No. 48.gh

Appendix V

(Reference: Paragraph 2.3.6; Page 22)

Grant wise details of estimates* and actual in respect of recoveries adjusted in the accounts in reduction of expenditure

(Rupees in crore)

Sl. No	Grant No.	Description	Recoveries made		Total
			Revenue	Capital	
1	17	Agriculture Research & Education	-	0.25	0.25
2	20	Irrigation & Food	3.55	19.14	22.69
3	22	Public Works	-	53.09	53.09
4	25	Food	-	590.39	590.39
Total			3.55	662.87	666.42

* No estimate for recoveries were made in the budget.

Appendix-VI

(Reference: Paragraph 2.3.8; Page22)

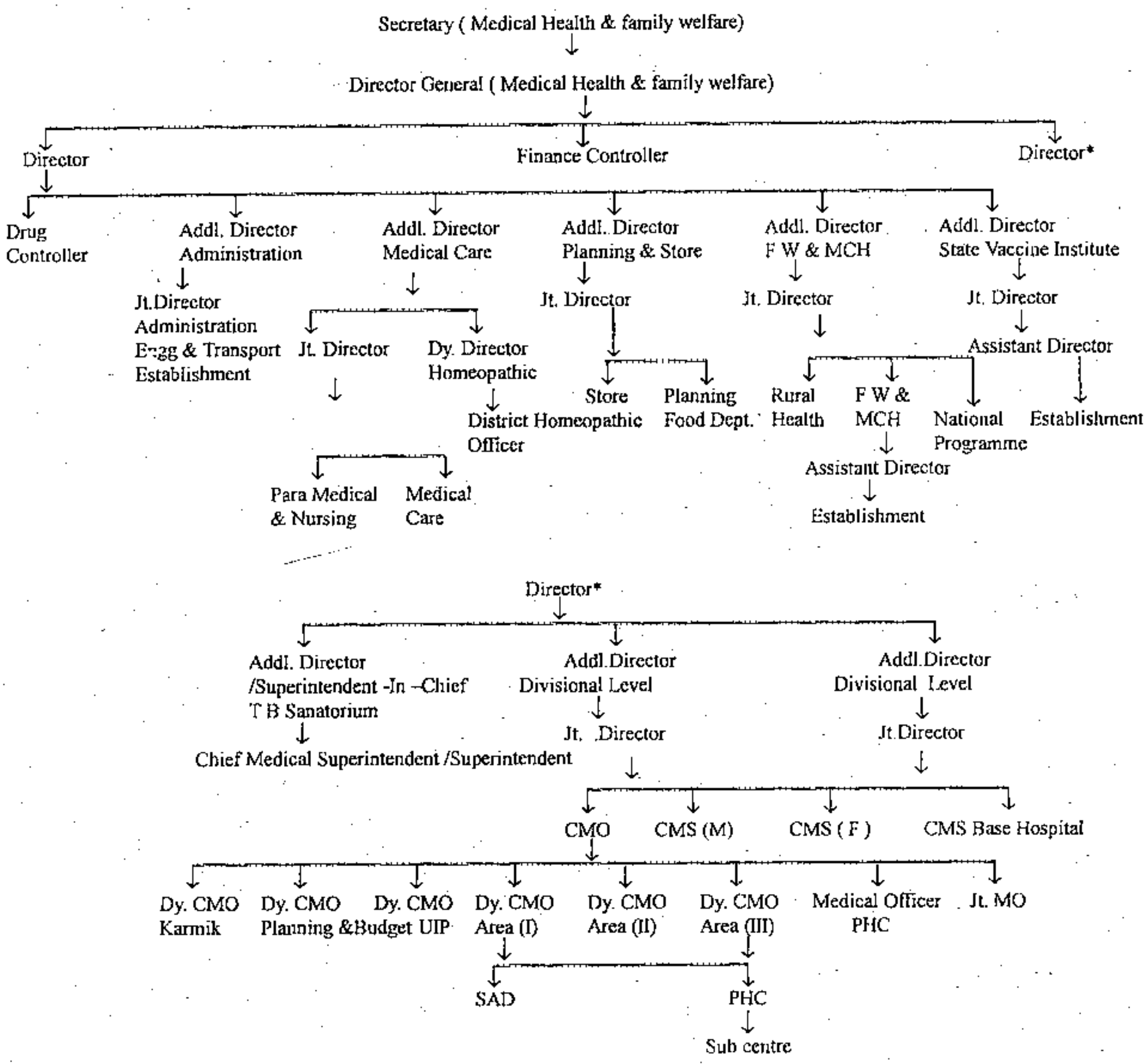
Grants where supplementary provision obtained in October 2001 and March 2002 proved entirely unnecessary

(Rupees. in crore)

Sl. No	Grant No.	Name of Grant	Supplementary Provision obtained in Oct 2001 and March 2002	Savings
		Revenue - Voted		
1	4	Administration of justice	0.89	6.17
2	6	Revenue & General Administration	32.21	57.82
3	7	Finance,Taxes,Planning,Secretriate.& General Services	3.63	400.89
4	10	Police & Jail	12.88	14.03
5	11	Education,sports, youth Welfare & Culture	105.90	104.99
6	12	Medical and Family Welfare	19.44	44.72
7	13	Water Supply,Housing & Urban Development	30.90	67.08
8	15	Welfare Schemes	11.83	38.53
9	16	Labour and Employment	0.17	9.42
10	17	Agriculture Work & Research	3.15	50.30
11	19	Rural Development	148.72	155.04
12	20	Irrigation and Flood Control	0.56	24.81
13	21	Power	5.60	25.14
14	22	Public Works	14.67	20.55
15	23	Industry	0.01	10.47
16	25	Food	1.00	5.30
17	27	Forest	8.86	84.85
18	28	Animal Husbandry	0.53	21.13
		Capital –Voted		
19	6	Revenue & General Administration	2.50	2.50
20	11	Education, Sports, Youth Welfare &Culture	1.00	6.76
21	17	Agriculture Research and Education	4.80	6.21
22	22	Public Works	19.11	40.17
		Revenue –Charged		
23	7	Finance, Taxes, Planning, Secretariat etc.	0.50	24.12
		Total	**428.86**	**1221.00**

Appendix VII
(Reference-: Paragraph No.3.1.2; Page25)

Statement showing chart of organizational set-up



Appendix VIII

(Reference: Paragraph 3.1.4; Page26)

Position of expenditure on establishment vis-à-vis medicines

(Rupees .in Lakh)

Name of Hospital	1997-98			1998-99			1999-2000			2000-01			2001-02		
	Ex	Estt.	Med	Ex	Estt.	Med	Ex	Estt.	Med	Ex	Estt.	Med	Ex	Estt.	Med
Almora Male	NA	NA	NA	NA	NA	NA	98.97	81.96 83%	8.48 9%	38.41	33.74 88%	4.45 12%	132.40	113.45 86 %	18.00 14%
Female	38.56	29.73 77%	4.54 12%	51.87	39.73 77%	7.33 14%	57.96	45.12 78%	6.98 12%	53..72	41.10 77%	6.91 13%	78.15	53.27 68%	7.03 9%
Dehradun Male	219.14	180.50 82%	15.25 7%	235.66	182.82 78%	30.99 19%	254.04	172.17 68%	28.49 11%	270.11	221.78 82%	28.71 11%	304.46	214.45 70%	49.79 16%
Female	99.36	78.16 79%	6.99 7%	107.79	83.64 78%	13.82 13%	116.09	89.48 77%	15.16 13%	125.23	103.75 83%	14.01 11%	132.23	105.07 79%	11.45 9%
Haridwar Male	122.51	97.15 79%	6.76 6%	123.48	93.41 76%	12.69 10%	140.55	105.06 75%	12.96 9%	120.24	104.16 87%	8.49 7%	124.07	101.39 82%	9.41 8%
Female	19.44	17.52 90%	1.92 10%	15.79	12.98 82 %	2.80 18%	18.90	15.72 83%	3.18 17%	6.55	5.12 78%	1.43 22%	30.97	21.65 70%	9.32 30%
Nainital Male	117.31	78.08 67%	4.00 3 %	134.44	99.19 74%	7.19 5%	138.00	96.98 70%	8.66 6%	136.44	122.52 90%	4.02 3%	143.30	103.30 72%	12.50 9%
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	15.50	12.69 82%	1.87 12%	56.17	37.90 68%	4.94 9%
T B Sanitarium Bhawali	245.71	202.40 82 %	27.73 11%	247.82	176.21 71%	52.28 21%	271.90	215.02 79%	40.66 15%	283.70	200.68 71%	37.84 13%	288.28	212.02 74%	54.19 19%
Udham Singh Nagar	47.65	46.20 97%	1.45 3%	41.96	41.74 99%	0.23 1%	47.75	45.18 95%	2.57 5%	51.84	51.20 99%	0.64 1%	80.34	57.76 72%	22.58 28%
Total	909.68	729.74 80%	68.64 8%	889.36	729.72 82%	127.33 14%	1144.1 6	866.69 76%	127.14 11%	1101.74	896.74 81%	108.37 10%	1370.37	1020.26 74%	199.21 15%

Ex --- Total Expenditure against allotment

Estt.--- Establishment. M---Medicines

1997-98 to 2001-02

Total Expenditure.	Rs.5415.31	Lakh,	
Expenditure on Establishment.	Rs.4243.15	Lakh	(78%)
Expenditure on Medicines.	Rs.630.69	Lakh	(12%)

Appendix IX

(Reference : Paragraph No. 3.1.4; Page26)

Statement showing number of patients treated

(No. in lakh)

Sl. No.	Year	District Hospital (Male)		District Hospital (Female)		Total	Doctor patient ratio
		Outdoor Patients	Indoor patients	Outdoor Patients	Indoor patients		
1	97-98	4.42	0.15	0.50	0.09	5.16	1:4734
2	98-99	4.40	0.17	1.46	0.17	6.20	1:5688
3	99-2000	5.56	0.18	1.53	0.18	7.45	1:6834
4	2000-01	4.33	0.17	1.32	0.17	5.99	1:5495
5	2001-02	4.14	0.16	1.29	0.17	5.76	1:5284
Total		**22.85**	**0.83**	**6.10**	**0.78**	**30.56**	**1: 5607**

Appendix X

(Reference: Paragraph 3.1.5.1(i) (b); Page 26)

Sanctioned/men in position of Medical Officers in District Male Hospitals

Sl. No.	Post	Almora		Dehradun		Haridwar		Nainital	
		Sanctioned	Men-in position	Sanctioned	Men-in position	Sanc-tioned	Men-in position	Sanc-tioned	Men-in position
1	Chief medical superintendent	1	1	1	1	1	1	1	1
2	Sr.Medical Officer	7	Nil	2	Nil	4	3	2	Nil
3	Physician	1	1	2	2	Nil	1	1	1
4	Anesthetic	1	1	2	2	1	1	1	1
5	Paediatric	1	1	3	3	Nil	1	1	Nil
6	Orthopedic	1	1	3	3	1	Nil	1	Nil
7	Cardiologist	Nil	Nil	1	1	Nil	Nil	1	Nil
8	Pathologist	1	1	1	1	1	1	2	1
9	Radiologist	1	1	1	1	Nil	1	1	1
10	Eye surgeon	2	2	2	2	1	1	2	2
11	Surgeon	1	1	1	1	1	1	1	1
12	Dental Surgeon	1	1	1	Nil	Nil	Nil	1	Nil
13	ENT	1	1	1	1	1	1	1	Nil
14	Medical officer STD	1	1	1	1	Nil	Nil	1	1
15	Medical officer Skin	1	1	1	1	Nil	Nil	1	1
16	GDMO	2	Nil	2	2	1	1	1	Nil
17	EMO	1	1	2	2	Nil	1	2	1
18	RDMO	Nil	Nil	Nil	2	2	2	Nil	Nil
	Total	24	15	27	26	14	16	21	11

Appendix XI A

(Reference: Paragraph 3.1.5.1.(i)(b); Page 26)

Sanctioned/men in position of Medical Officers in District Female Hospitals

Sl. No.	Post	Almora		Dehradun		Haridwar		Nainital	
		Sanctioned	Men-in position	Sanctioned	Men-in position	Sanctioned	Men-in position	Sanctioned	Men-in position
1	Chief Medical superintendent	1	1	1	1	1	Nil	1	1
2	Sr. Consultant	Nil	Nil	Nil	2	Nil	Nil	Nil	Nil
3	Medical Superintendent	Nil	Nil	1	1	Nil	Nil	1	Nil
4	Sr.Medical Officer	Nil	Nil	Nil	1	Nil	Nil	Nil	Nil
5	Sr. Gynaecologist	Nil	Nil	5	4	Nil	Nil	2	Nil
6	Anesthetic	1	1	1	1	Nil	Nil	1	1
7	Pediatric	Nil	Nil	1	Nil	1	1	1	1
8	Pathologist	Nil	Nil	1	1	Nil	Nil	Nil	Nil
9	EMO	2	Nil	2	2	2	2	Nil	Nil
10	GDMO	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil
11	RDMO	Nil	Nil	Nil	2	Nil	1	Nil	Nil
12	Medical Officer	3	3	Nil	1	2	1	Nil	1
13	Gynaecologist	Nil	Nil	Nil	Nil	Nil	Nil	1	Nil
	Total	7	5	13	16	6	5	7	4

Appendix XI B

(Reference - Paragraph number 3.1.5.1(i) (d); Page 27)
Statement showing shortage of Paramedical staff

Sl. No.	Staff	District Hospital Male		District Hospital Female		Total		
		Norm	Men in Position	Norm	Men in Position	Norm	Men in Position	Shortage /Excess/ (Percentage)
1	Sr. Matron	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Matron	2	1	Nil	Nil	2	1	1 (50)
3	Assistant Matron	7	5	3	1	10	6	4 (40)
4	Sister	36	30	23	12	59	42	17 (28)
5	Staff Nurse	81	72	47	20	128	92	36 (28)
6	Pharmacist	23	35	6	19	29	54	+25 (86)
7	Lab Technician	22	12	6	1	28	13	15 (54)
8	ECG Technician	7	Nil	Nil	Nil	7	Nil	7 (100)
9	Lab Attendant	5	3	4	0	9	3	6 (66)
10	X- Ray Technician	9	6	Nil	Nil	9	6	3 (33)
11	Dark Room Asst.	9	2	Nil	Nil	9	2	7 (77)
12	Physiotherapist	5	3	Nil	Nil	5	3	2 (40)
13	Ward Boy /Aya	65	72	39	35	104	107	+ 3
14	Sweeper	75	49	43	29	118	78	40 (34)
	Total	**346**	**290**	**171**	**117**	**517**	**407**	**110 (21)**

Appendix XII

(Reference: Paragraph 3.1.5.1(ii); Page 27)

Statement Showing targets and achievements during 1997- 1998 to 2001-2002 regarding specialties.

T---- Target; A---Achievement

Sl.No.	Particulars	Position		1997-98		1998-99		1999-2000		2000-01		2001-02	
		Availability As on 1.4.1997	Requirement	T	A	T	A	T	A	T	A	T	A
1	Hospital /Dispensaries	781		1	1	NIL	2	1	1	1	NIL	4	NIL
2	Total Beds for patients	34254		325	409	478	34	180	100	758	NIL	758	NIL
3	Specialist Facilities												
4	Emergency Services	115	566	1	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
5	Children clinics	136	645	NIL	2	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
6	Dental Clinics	68	713	NIL	2	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
7	Blood Bank	4	NA	6	6	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
8	Pathology	130	651	2	2	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
9	Radiology	70	711	2	2	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
10	Orthopedic	68	713	2	2	NIL	NIL	NIL	NIL	1	NIL	1	NIL
11	Anesthesiology	137	644	2	2	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
12	Plastic surgery and Burn unit	44	737	1	2	NIL	NIL	NIL	NIL	3	NIL	3	NIL
13	ICC Units	55	726	1	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
14	ENT	55	726	3	3	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
15	Physiotherapy	29	752	1	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
16	Ophthalmology	101	680	2	4	NIL	NIL	NIL	NIL	5	NIL	NIL	NIL
17	Dialysis Unit	4	13	1	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
18	Mental health clinic	Nil	781	Nil	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
19	Cancer unit	6	775	Nil	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
20	Neo metrology		781	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
21	Gastroenterology	1	780	Nil	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
22	Urology /Uro surgery	Nil	781	1	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
23	Mother nursery /Children unit	Nil	781	Nil	NIL	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Appendix XIII

(Reference : Paragraph 3.1.6.1; Page 30)

Statement showing purchase of non rate contract medicines.

(Rs. In Lakh)

District Hospital	1997-98	1998-99	1999-2000	2000-01	2001-02	Total
Almora Male	NA	1.23	0.87	2.68	1.35	6.13
Female	2.04	3.52	3.35	3.21	2.75	14.87
Dehradun Male	4.34	5.78	5. 90	1.59	2.01	19.62
Female	3.89	3.57	2.26	4.13	3.98	17.83
Haridwar Male	2.05	3.78	2.55	0.47	2.40	11.25
Female	NA	NA	NA	NA	NA	NA
Nainital Male	0.48	0.49	1.07	1. 35	1.13	4.52
Female	2.34	2.81	8.32	1. 87	NA	15.34
TB Sanatorium Bhawali	10.15	25.24	23.60	15.44	19.21	93.64
Udham Singh Nagar	1.45	23.22	2.57	0.64	10.16	38.04
Total	**26.74**	**69.64**	**50.49**	**31.38**	**42.99**	**221.24**

Appendix XIV

(Reference: Paragraph 3.1.6.2 (i); Page 31)

List of costly medicines not in the Master List locally purchased.

Sl .no.	Name of medicine	Quantity	Cost Rs.
1	Inj. Gamma	1	5970.00
2	Penfill insulin	4 Box	4234.00
3	Syrup Ephdre	1	2640.00
4	Inj. Ruhallim	1 vial	2300.00
5	Inj. Engerex-B (10 ml)	1	1800.00
6	Tab Ceftum 500 mg	20	1546.00
7	Inj. Resum	1vial	1479.00
8	Silverex Cream	16 vial	1440.00
9	Inj. Mixtard	5Phial	1093.00
10	Novo Nordisk A / S	5	1083.00
11	Istavghal Powder	20	1028.00
12	Inj. Lente Insulin	8 vial	984.00
13	Inj. Rabipur	3 Phial	945.00
14	Inj. Taxim	10 Phial	900.00
15	Inj Protasi	2 vial	852.00
16	Inj. Puforri	1	820.00
17	Tab.Nuvir	4 Phial	1252.00
18	Cap. Doragin 100	60	1000.00

Appendix XV

(Reference: Paragraph 3.1.6.2 (ii); Page 31)

Local purchase of medicines at District hospitals for issue to influential persons

(Rs. in lakh)

Sl. No	District Hospital	1997-98	1998-99	1999-2000	2000-2001	2001-2002	Total
1	Almora Male	NA	NA	NA	1.55	2.31	3.86
2	Female	0.08	0.04	0.02	0.41	0.29	0.84
3	Dehradun Male	1.24	2.80	5.04	6.35	10.80	26.23
4	Female	0.01	0.26	0.23	0.10	0.53	1.13
5	Nainital Male	1.05	1.29	1.32	1.11	1.78	6.55
6	Female	NA	NA	NA	0.43	0.12	0.55
	Total	2.38	4.39	6.61	9.95	15.83	39.16

Appendix XVI
(Reference: Paragraph: 3.2.5; Page35)

Financial Position 1997-98 to 2001-2002

(Rupees in lakh)

Distt.	Opening Balance as per			Fund received/release for Previous Year in current year as per			Funds released for the current year as per			Total funds available			Expenditure during the year			Expenditure as per blocks record	Closing Balance		
	Govt	DRDA	DDO	Govt	DRDA	DDO	Govt	DRDA	DDO	Govt	DRDA	DDO	Govt	DRDA	DDO	Blocks	Govt	DRDA	DDO
Pauri	112.21	5.24	44.76	28.88	--	--	619.54	530.94	535.91	777.07	669.55	580.73	688.35	664.35	513.87	623.15	88.39	5.20	66.86
Dehra dun	164.29	72.21	36.40	39.58	2.83	--	827.71	958.89	962.88	1031.58	1033.93	999.28	934.74	948.11	934.75	844.95	96.84	85.82	64.53
Nainital	1736.89	1733.33	1486.81	19.20	--	--	3510.30	3705.28	2194.27	5266.39	5438.61	3681.08	3344.98	3608.05	3135.87	2259.47	1921.44	1830.56	545.21
U.S. Nagar	64.67	90.55	34.04	32.74	10.36	3.40	789.79	874.68	881.01	894.27	975.99	918.46	855.85	878.43	823.78	873.23	38.42	97.56	85.63
Total	**2078.06**	**1901.33**	**1602.01**	**120.40**	**13.19**	**3.40**	**5747.34**	**6069.79**	**4574.07**	**7969.31**	**8118.08**	**6179.55**	**4400.68**	**6098.94**	**5417.27**	**4600.80**	**2145.09**	**2019.14**	**762.23**

Appendix XVII

(Reference: Paragraph: 3.2.5.3; Page37)

Delay in release of funds by the State Government

(Rupees in lakh)

Year	Distt.	Central Share Ist Instalment		Central Share IInd Instalment		State Share Ist Instalment		State Share IInd Instalment		Delay Days	
		Date	Amount	Date	Amount	Date	Amount	Date	Amount	Ist	IInd
1997-98	Pauri	--	--	22.1.98	39.25	--	--	16.3.98	11.75	--	23
	Nainital	--	--	22.1.98	116.88	--	--	31.3.98	1.70	--	38
1998-99	Dehradoon	18.5.98	44.21	--	--	5.9.98	24.00	--	--	80	--
1999-2000	Dehradoon	24.4.99	80.75	--	--	7.6.99	26.92	--	--	15	--
	U.S.Nagar	12.5.99	29.52	--	--	21.8.99	21.89	--	--	56	--
		26.6.99	43.54	--		2.3.02	1.60	--	--	257	--
2000-2001	Pauri	1.6.2000	48.68	--	--	16.8.2000	16.23	--	--	47	--
	Dehradoon	15.5.2000	84.74	--	--	17.7.2000	32.00	--	--	33	--
	Nainital	15.5.2000	643.21	--	--						
	U.S.Nagar	3.5.2000	2.15	--	--	17.7.2000	5.00	--	--	33	--
		1.7.2000	43.53	--	--	23.9.2000	25.00	--	--	84	--
2001-2002	Pauri	19.7.2001	49.24	--	--	22.11.2001	16.41	--	--	96	--
	Dehradoon	22.5.2001	81.69	--	--	9.11.2001	27.23	--	--	141	--
	Nainital	24.10.2001	188.81	18.1.2002	270.42	31.12.2001	62.94	30.3.2002	90.14	38	41
	U.S.Nagar	5.4.2001	34.83	--	--	18.12.2001	11.74	--	--	171	--
		29.6.2001	35.23	--	--						

Appendix XVIII – A

(Reference : Paragraph 3.2.7.1; Page 38
Physical Report of IAY Houses
Year 1997-98 to2001-2002

Distt.	Target as per Govt. records		Achievement as per information sent by state to GOVERNMENT OF INDIA.		Achievement as per MPR of DDO		Achievement shown in proforma by block		Achievement as work register of Blocks	
	New	UG*	New	UG	New	UG	New	UG	New	UG
Pauri										
1997-98	445	--	405	~	NA	--	442	--	414	--
1998-99	503	--	571	--	629	--	687	--	639	--
1999-2000	516	260	540	210	419	210	556	225	564	257
2000-2001	472	260	472	209	472	209	410	236	456	251
2001-2002	472	260	472	260	472	311	432	228	423	217
Total	2408	780	2460	679	1992	730	2527	689	2496	725
Dehra Dun										
1997-98	829	--	835	--	835	--	737	--	807	--
1998-99	832	--	1139	--	1139	--	858	--	1046	--
1999-2000	855	431	857	425	857	425	721	259	739	430
2000-2001	783	431	309	116	309	116	320	174	784	424
2001-2002	839	437	841	438	841	438	654	173	279	170
Total	4138	1299	3981	979	3981	979	3290	606	3655	1024
Nainital										
1997-98	424	--	424	--	424	--	472	--	446	--
1998-99	531	--	531	--	531	--	634	--	556	--
1999-2000	6812	3430	4860	750	4860	750	5610	750	4491	751
2000-2001	6812	3430	4551	2502	4551	2502	7053	2502	4286	2405
2001-2002	6812	3430	2160	2030	2160	2030	4190	2030	2234	1818
Total	21391	10290	12526	5282	12526	5282	17959	5282	12013	4974
U.S.Nagar										
1997-98	1016	--	1016	--	1039	--	1061	--	1031	--
1998-99	1275	--	1510	--	1510	--	1423	--	1510	--
1999-2000	461	232	576	232	576	232	808	232	514	202
2000-2001	464	232	474	232	474	232	706	232	474	230
2001-2002	469	234	489	232	489	170	659	170	490	170
Total	3685	698	4065	696	4088	634	4657	634	4017	602

* UG - **Upgradation**

Appendix XVIII– B

(Reference : Paragraph 3.2.7.1; Page 38)

Consolidated Detail of IAY Houses

Year 1997-98 to 2001-2002

Distt	Target as per Govt. records			Achievement as per information sent by State to GOVERNMENT OF INDIA			Achievement as per MPR of DDO			Achievement shown in proforma by block.			Achievement as per work register of Blocks.		
	New	UG*	Total	New	UG	Total	New	UG	Total	New	UG	Total	New	UG	Total
Pauri	2408	780	3188	2460	679	3139	1992	730	2722	2527	689	3216	2496	725	3221
Dehra Dun	4138	1299	5437	3981	979	4960	3981	979	4960	3290	606	3896	3655	1024	4679
Nainital	21391	10290	31681	12526	5282	17808	12526	5282	17808	17959	5286	23245	12013	4974	16987
U.S. Nagar	3685	698	4383	4065	698	4763	4088	634	4722	4657	634	5291	4019	602	4621
Total	31622	13067	44689	23032	7638	30670	22587	7625	30212	28433	7215	35648	22183	7325	29508

*** UG – Upgradation**

Appendix XIX
(Reference : Paragraph 3.2.7.2; Page39)
Uneven fixation of targets

Name of District	Name of Block	Total population	No. of BPL families	Target fixed on the basis of total population New + UG*	Target on the basis of no. of BPL families New + UG	Excess target	Less target
1. Dehradun 2001-2002	Raipur	79922	2453	194	103	91	--
	Doiwala	107834	5638	262	237	25	--
	Sahaspar	77574	5737	192	242	--	50
	Kalisi	4812	3776	218	158	60	--
	Chakrata	3499	4998	222	210	12	--
	Vikas Nagar	65628	7744	188	326	--	138
	Total	**339269**	**30346**	**1276**	**1276**	**188**	**188**
2-Udham Singh Nagar 2000-2001	Jaspur	72637	2612	126	60	65	--
	Bajpur	72018	5037	136	113	23	--
	Sitarganj	110521	11266	104	254	--	150
	Rudrapur	79954	4628	138	104	34	--
	Khatima	111043	8212	197	184	13	--
	Gadarpur	78561	3570	80	81	--	1
	Kashipur	59883	2563	74	58	16	--
	Total	**584617**	**37888**	**855**	**854**	**151**	**151**
3 -Nainital 1999-2000	Okhalkanda	37540	2017	614	629	--	15
	Dhari	24542	1633	540	510	30	--
	Ramgarh	33203	2444	683	763	--	80
	Betalghat	35253	3740	684	1167	--	483
	Bhimtal	37539	1842	703	575	128	--
	Haldwani	89741	2158	1302	673	629	--
	Ramnagar	55513	3020	1110	942	168	--
	Kotabag	34195	3135	601	978	--	377
	Total	**347526**	**19989**	**6237**	**6237**	**955**	**955**

*** UG – Upgradation**

Appendix XX

(Reference : Paragraph 3.3.9.2 (ii) (a); Page48)

Statement showing misuse of SGSY infrastructure fund

Sl No.	Name of the department to which funds were provided	Name of the District/DRDA	Amount Provided /spent (Rs. in lakh)	Purpose
1.	Dugdh Utpadak Sahakari Sangh Limited	Haridwar	22.00	Installation of chilling plant at Roorkee.
		Pithoragarh	10.966	Construction of straw godown.
		Pauri Garhwal	14.30	Installation of bulk milk cooler.
		Total	47.266	
2.	Animal Husbandry Department	Udham Singh Nagar	10.41	Construction of cattle crush centres.
		Pithoragarh	8.14	Construction of *Pasu Sewa Kendra*
			1.045	Purchase of tyre
		Pauri Garhwal	7.063	Artificial insemination.
		Total	26.658	
3.	Pashu Ahar Nirman Shakha Rudrapur	Udham Singh Nagar	8.50	Construction of *pasu ahar nirman shala*
4.	District Horticulture Officer	Pauri Garhwaal	9.72	Construction of Poly houses.
			1.00	Purchase of chemical fertilisers.
		Pithoragarh	9.94	Construction of Poly houses
			5.52	Establishment of nursery
		Total	26.18	
5.	District Rural Development Agency	Pauri Garhwal	7.60	Construction of training centre DWCRA shed committee centre etc.
		Pithoragarh	18.50	Construction of seminar hall.
			21.56	Construction of multipurpose buildings at Blocks.
		Total	47.66	
6.	Rural Engineering services (RES)	Pauri Garhwal	7.868	Construction of DWCRA work shed.
7.	Non Conventional Energy Developmet Authority (NEDA)	Pauri Garhwal	0.921	Installation of Solar plant
	Grand Total		165.053	

Appendix XXI

(Reference: Paragrah : 4.1.7.2(ii); Page66)

Details of incomplete works under PMGSY in plains areas of Uttaranchal

Sl.No.	District Name of work	Cost of work (Rs. in lakh)	Expenditure at the end of August 2002 (Rs. in lakh)	Physical progress (in *per cent*)
	Dehradun			
1.	Satyanarayan Gohri Mafi Road	28.00	Nil*	Zero
2.	Mothrowala Dudhli road	16.22	13.00	85
3.	Thono Dharkot Road	141.46	115.96	90
	Haridwar			
4.	Muradabad Dehradun Road to Kangdi Road	8.10	96.45	30
5.	Muradabad Dehradun to Gazi Wala Road	6.32		25
6.	Muradabad Dehradun to Sajanpur Pilli Road	18.15		40
7.	Raise Givawali Road	55.47		30
8.	Dalawala to Jogawala Road	49.94		20
9.	Akbarpur Lathar Deva Road to Noorpur	53.59		50
	Tehri Garhwal			
10.	Nakot chamni LVR Km. 1 to 5.5	118.97	74.96	80
11.	Nakot Chamni Patta LVR Km. 5.5 to 11	118.97	72.42	75
12.	Nakot chamni Patta LVR Km. 2 to 17	121.60	39.22	60
13.	Nagni Jardhar Kudiyal Goan Chamba Road	113.20	44.31	50
	Udham Singh Nagar			
14.	Bajpur Veria Dolat Road	104.54	129.21	98
15.	Malaria Road	43.46		98
16.	Majhola Mornola Km. 7 to 8	27.32	26.18	98
17.	P.K. Road to N.H.74 Km. 249 Halduwa Road	29.71	30.54	98
18.	Bajpur irikshan Bhawan Road	76.11	70.97	98
19.	Pipaliya Road	37.86	29.99	98

* **Due to non-acquisition of forest land.**

Appendix XXII

(Reference: Paragrah : 4.1.7.2(ii); Page67)

Details of incomplete roads, progress on which is below 50 *per cent*

Sl. No.	District Name of work	Award Cost of work Packs (Rs. in lakh)	Expenditure at the end of August 2002 (Rs. in lakh)	Physical progress (in *per cent*)
	Bageshwar			
1.	Kapkot Samatejam M.Road Km 53-58	146.04	53.00	14
2.	Kapkot Samatejam M.Road Km 59-62	97.36	70.15	36
3.	Kapkot Pindari Glacier M.Road Km 12.75 to 14.75	48.81		36
	Chamoli			
4.	Kudiyal Sain Sabari Sain Nand Prayag M.Road	114.04	26.67	24
5.	Saloor Doongra to Selang M.Road	151.92	44.69	30
6.	Lavni Ramni M.Road	91.33	25.56	28
7.	Rohida Pajiana M.Road	89.61	25.83	29
	Pauri Gharwal			
8.	Urmil Gaon to Nailgaon	129.21	53.53	35
9.	Pauri Dehal Chori Road	99.70	40.27	34
10.	Ufrekhal Bhungidhar Motor Road	146.60	21.12	11
11.	Nainidanda Haldukhal Motor Road	165.60	18.96	12
	Pithoragarh			
12.	Ancholi Bhadawe Motor Road Km 11-17	130.05	23.92	21
13.	Ancholi Bhadawe Motor Road Km 18-23	113.94	13.66	12
14.	Nainipatal Madmanle Motor Road Km 9-14	166.03	56.55	48
15.	Kanchoti shobla Motor Road Km 1-6	108.90	43.81	42
	Rudraprayag			
16.	Rudraprayag Chopra Road	178.66	72.41	41
	Uttarkashi			
17.	Rajster Rajgarhi Motor Road	98.90	31.66	45
18.	Rajster Rajgarhi Motor Road	98.75	9.13	15
19.	Pathargad Nand Gaon L.V.R	116.14	23.76	25
	Nainital			
20.	Ratighat Betalghat Road km 2-9	163.19	23.07	30
21.	Padampuri Hedakhan Kathgodam motor road km 61 to 65	115.41	10.37	25
22.	Patlot Dalakyana motor road km 4-5	46.17	4.58	25

Appendix XXIII

(Reference: Paragraph : 4.1.7.2.(ii); Page67)

Details of incomplete roads, progress on which is 50 *per cent* and above

Sl.No.	District Name of work	Award Cost of work Packs (Rs. in lakh)	Expenditure at the end of August 2002 (Rs. in lakh)	Physical progress in *percent*
	Almora			
1.	Dwarhatt-Asgoli Motor Road Km 4-11	159.29	66.16	68
2.	Kafli Khan Banali Motor Road Km 16-24	168.38	76.81	70
3.	Dhola Devi Kheti Motor Road Km 0.25 to 5.0	139.40	30.90	66
4.	Artola Jageshwar Naini Motor road Km 11-13		23.42	66
	Champavat			
5.	Chinka china Thuvamun Simal Khet Motor Road Km 10 to 13.50	104.03	71.62	73
6.	Chinka china Thuvamun Simal Khet Motor Road Km 13.50 to 18.00	103.56	95.05	96
7.	Patti Mahroli Road	139.25	62.60	50
8.	Chorapatti Talidi M.Road	75.45	40.76	56
	Nainital			
9.	Ratighat Betalghat Road Km 10 to 12	69.31	37.65	60
10.	Betalghat Garjiya M.Road Km 4-6	69.31	51.82	80
	Bageshwar			
11.	Bageshwar Dofaad Bharamgarh M. Road km 32-39	192.19	87.00	67
	Rudraprayag			
12.	Augustmuni Dadoli Road	141.30	84.37	60
	Uttarkashi			
13.	Kuwa Kafnol Motor Road	165.03	52.56	55

Appendix XXIV
(Reference: Paragraph : 4.1.8.2; Page68)

Details of incomplete roads with actual expenditure of more than Rs. 1.00 crore as of March 2002

(Rupees in crore)

Sl. No.	Name of roads	Date of start	Original cost	Revised cost	Actual Expenditure
1.	Tilyara-Bangaon-Chapna-Saroth	9/83	1.56	2.04	1.60
2.	Mori-Netwan Sankeri	1/84	0.52	1.58	1.37
3.	Bhatwari-Raithal	10/89	0.70	1.58	1.09
4.	Gyansoo-Sald-Upreekot	3/91	1.39	3.68	2.28
5.	Ghat-Ramni	1980	0.36	2.40	2.37
6.	Boogidhar-Medalchouri-Bachhuwaban	3/96	0.35	7.93	2.75
7.	Bachhuwaban-Choukhatia-Kurnigad-Bhandarikhoud	2/88	1.50	3.65	2.17
8.	Sonla-Kothti-Norayanbogar	1976	0.40	2.02	1.92
9.	Nagni-Jardhargaon-Kudailgaon-Chamba	10/89	0.60	2.07	1.26
10.	Silqyara-Bangaon-Chaprasarot	3/83	0.43	2.20	1.39
11.	Ghansali-Pawli-Akhori	1/78	1.19	2.33	2.33
12.	Jakholi-Miri	8/76	2.16	7.41	5.74
13.	Tilwara-Bhardar-Sourakhal	4/82	1.17	1.88	1.38
14.	Badiargarh-Dhourgi-Sourakhal	7/82	0.54	2.52	1.40

Appendix XXV
(Reference: Paragraph : 4.1.10 (b); Page 69)

Details of excess quantity of bitumen consumed in PMGSY works executed by Construction Division, Lohaghat

Name of the road	Area of Painted Surface (in sq. mt)	Item of Work	Quantity of Bitumen Consumed by the division		Quantity to be consumed as per IRC's specification		Excess Quantity consumed by the division (in kg)	Amount (Rs. in lakh)
			Kg/sq mt.	*Total in kg*	*Kg/sq mt.*	*Total in kg (maximum)*		
1.	2.	3.	4.	5.	6.	7.	8.	9.
1. Pati Mairauli Motor Road	30937.5	Tack coat	1.00	30937.50	0.35 to 0.40	12375.00	18562.50	3.06
---do---	30937.0	Premix Carpet	2.61	80730.00	1.46	45168.75	35561.25	5.16
2. Chaurapita Talari Motor Road	18562.5	Tack coat	1.00	18562.50	0.35 to 0.40	7425.00	11137.50	1.85
---do---	18562.5	Premix Carpet	2.61	48438.00	1.46	27101.25	21336.75	3.11
3. Chilachina Thuamani Simalkhet Motor Road (km 10.0 to 13.5)	18562.0	Tack coat	0.90	18191.25	0.35 to 0.40	7425.00	10766.25	1.72
4. Chilachina Thuamani Simalkhet Motor Road km 13.500 to 18.00	18562.0	Tack coat	0.9	18191.25	0.35 to 0.40	7425.00	10766.25	1.72
							Total	16.62

Appendix –XXVI
(Reference : Paragraph 6.3; Page 84)
Low production of alcohol from molasses below the minimum prescribed quantity

(Rupees in lakh)

Sl.No.	Name of Distillery	No. of compo site sam ples	Quantity of molasses used in quintal	Production as per A.T. Lab (A.L.)	Actual Production (A.L.)	Short production of Alcohol (A.L.)	Rate per (A.L.)	Leviable excise duty
1.	I.G.L. Distillery, Kashipur (Udhamsingh Nagar)	6	144719	2963934.2	2863568.7	100365.5	Rs. 48	48.18
2.	Bajpur Distillery, Bajpur (Udhamsingh Nagar)	4	36440	719861.6	685929.8	33931.8	Rs. 48	16.29
		10	181159	3683795.8	3549.498.5	134297.3		64.47

Appendix XXVII

(Reference: Paragraphs 7.1.2.1, 7.1.2.2 and 7.1.3.2; Page) 89 & 92

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2002 in respect of Government companies

(Figures in column 3(a) to 4(f) are Rs. in lakh)

Sl. No.	Sector & name of the company/corporation	Paid-up capital as at the end of the current year (Figures in bracket indicate share application money)					Equity/loans received out of Budget during the year		Other loans received during the year [31]	Loans[32] outstanding at the close of 2001-2002			Debt equity ratio for 2000-2001 (Previous year) 4 (f)/3(e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Government	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
A.	**Working Government Companies**												
	Industry												
1.	Trans Cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	-	-	162.80	0.44	163.24	-	-	25.00	-	275.00	275.00	1.68:1 (1.53:1)
	Sector wise total	**-**	**-**	**162.80**	**0.44**	**163.24**	**-**	**-**	**25.00**	**-**	**275.00**	**275.00**	**1.68:1 (1.53:1)**
	Electronics												
2.	Uttaranchal Hill Electronics Corporation Limited	894.53	-	-	-	894.53	-	-	-	-	-	-	- (-)
	Sector wise total	**894.53**	**-**	**-**	**-**	**894.53**	**-**	**-**	**-**	**-**	**-**	**-**	**- (-)**
	Area Development												
3.	Kumaon Mandal Vikas Nigam limited	1466.88	-	-	-	1466.88	0.88	-	-	1199.74	-	1199.74	0.82:1 (0.82:1)
4.	Garhwal Mandal Vikas Nigam Limited	679.50	-	-	-	679.50	33.50	298.80	-	1256.22	-	1256.22	1.85:1 (1.48:1)
	Sector wise total	**2146.38**				**2146.38**	**34.38**	**298.80**		**2455.96**		**2455.96**	**1.14:1 (1.02:1)**

31 Includes bonds, debentures, inter-corporate deposits etc.

32 Loans outstanding at the close of 2001-2002 represents long-term loans only.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
	Development of Economically Weaker Section												
5.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	20.00	-	30.00	-	50.00	-	9.83	-	27.31	-	27.31	0.55:1 (0.35:1)
6.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	22.00	-	28.00	-	50.00	-	-	-	-	-	-	- (-)
	Sector wise total	**42.00**		**58.00**		**100.00**		**9.83**		**27.31**		**27.31**	**0.27:1 (0.17:1)**
	Sugar												
7.	Kichha Sugar Company Limited	1653.58	-	-	45.06	1698.64	-	-	-	-	-	-	(-)
8.	Doiwala Sugar Company Limited	(595.00[33])	-	-	-	- (595.00)	595.00	200.00	-	200.00	-	200.00	0.34:1 (-)
	Sector wise total	**1653.58 (595.00)**	-	-	**45.06**	**1698.64 (595.00)**	**595.00**	**200.00**		**200.00**		**200.00**	**0.09:1 (-)**
	Power												
9.	Uttaranchal Power Corporation Limited	500.00	-	-	-	500.00	500.00	3517.69	-	3517.69	-	3517.69	7.04:1 (-)
10.	Uttaranchal Jal Vidyut Nigam Limited												
	Sector wise total	**500.00**	-	-	-	**500.00**	**500.00**	**3517.69**	-	**3517.69**	-	**3517.69**	**7.04:1 (-)**
	Total – A (All sector wise Working Government companies)	**5236.49 (595.00)**	-	**220.80**	**45.50**	**5502.79 (595.00)**	**1129.38**	**4026.32**	**25.00**	**6200.69**	**275.00**	**5475.96**	**1.36:1 (0.49:1)**
B. Non Working Companies													
	Industry												
1.	Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon MandaL Vikas Nigam Limited)	-	-	0.07	-	0.07	-	-	-	-	-	-	- (-)
2.	UPAI Limited	15.00	-	-	2.01	17.01	-	-	-	-	-	-	- (-)
	Sector wise total	**15.00**		**0.07**	**2.01**	**17.08**							

33 Share Capital transferred from Uttar Pradesh State Sugar Corporation Limited – erstwhile holding company.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
	Electronics												
3.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	-	-	9.34	8.97	18.31	-	-	-	16.50	-	16.50	0.90:1 (0.90:1)
4	Uttararanchal Hill Phones Limited (Subsidiary of Uttaranchal Hill Electronics Corporation Limited)	-	-	1.67	1.60	3.27	-	-	-	-	-	-	- (-)
5	Uttaranchal Hill Quartz Limited (Subsidiary of Uttaranchal Hill Electronics Corporation limited)	-	-	0.79	-	0.79	-	-	-	-	-	-	- (-)
6.	Teletronix Limited (Subsidiary of Kumaon Mandal Viaks Nigam Limited)	-	-	110.00	64.71	174.71	-	-	-	-	-	-	- (-)
7.	Kumaon Television Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	-	-	52.00	47.75	99.75	-	-	-	-	-	-	- (-)
	Sector wise total	-	-	**173.80**	**123.03**	**296.83**	-	-	-	**16.50**	-	**16.50**	**0.06:1 (0.06:1)**
	Grand total (B)	**15.00**	-	**173.87**	**125.04**	**313.91**	-	-	-	**16.50**	-	**16.50**	**0.05:1 (0.05:1)**
	Grand Total (A+B)	**5251.49 (595.00)**	-	**394.67**	**170.54**	**5816.70 (595.00)**	**1129.38**	**4026.32**	**25.00**	**6217.46**	**275.00**	**6492.46**	**1.01:1 (0.46:1)**

Note: (1) No company has finalised accounts for 2001-2002 . Figures are provisional and as given by the companies.

Appendix - XXVIII

(Reference : Paragraphs 7.1.2.3, 7.1.2.4, 7.1.2.7, 7.1.3.3.and 7.1.3.4; Page) 90, 91, 92 & 93

Summarised financial results of Government Companies for the latest year for which accounts were finalised

(Figures in column 7 to 12 and 15 are Rs. in lakh)

Sl. No.	Sector and name of company/ corporation	Name of Depart -ment	Date of Incorpora- tion	Period of accounts	Year in which accounts finalised	Net Profit/ loss(-)	Net impact of comme nts	Paid-up capital	Accumulated profit /loss(-)	Capital employed (A)	Total Return on capital- employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Turnover	Manpower (Numbers of employees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	A. Working Government Companies														
	Industry														
1.	Trans Cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Develo p-ment	29.11.1973	1999-2000	2002-2003	(-)84.27	-	163.24	(-)579.84	289.65	(-)38.32	-	2	279.52	58
	Sector wise total					**(-)84.27**	**-**	**163.24**	**(-)579.84**	**289.65**	**(-)38.32**	**-**		**279.52**	**58**
	Electronics														
2.	Uttaranchal Hill Electronics Corporation Limited	Hill Develo p-ment	26.06.1985	1993-1994	1997 -98	(-)21.41	_	794.03	(-)68.10	447.27	(-)21.41	_	8	175.01	Not available
	Sector wise total					**(-)21.41**	**-**	**794.03**	**(-)68.10**	**447.27**	**(-)21.41**	**-**		**175.01**	
	Area Development														
3.	Kumaon Mandal Vikas Nigam Limited	Hill Develo p-ment	30.03.1971	1997-98	2001-2002	100.60	(-) 75.95	1341.87	(-)117.47	1529.78	168.12	10.99	4	3224.95	Not available
4.	Garhwal Mandal Vikas Nigam Limited	Hill Develo p-ment	01.03.1976	1995-96	2001-2002	(-)172.43		461.50	536.35	1415.47	(-)145.38	-	6	2866.95	874
	Sector wise total					**(-) 172.43 100.60**		**1803.37**	**(-) 117.47 536.35**	**2945.25**	**(-) 145.38 168.12**			**6091.90**	
	Development Of Economically Weaker Section														
5.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	Hill Develo p-ment	30.06.1975	1989-90	2001-2002	(-)13.24	4.26	50.00	(-)58.81	32.53	(-)13.24	--	12	27.74	75

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
6.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Develo p-ment	30.06.1975	1985-86	1998-99	(-) 2.01	–	36.00	(-) 2.85	36.64	(-) 2.01	–	16	11.76	26
	Sector wise total					**(-) 15.25**		**86.00**	**(-) 61.66**	**69.17**	**(-) 15.25**			**39.50**	**101**
	SUGAR														
7.	Kichha Sugar Company Limited	Sugar and Cane Develo p-ment	17.02.1972	2000-2001	2002-2003	(-)243.54	22.95	1699.04	(-)664.35	5513.76	262.46	4.76	1	6220.8 9	12.30
8.	Doiwala Sugar Company Limited	Sugar and Cane Develo p-ment	19.12.2001	34									Nil		Not available
	Sector wise total					**(-)243.54**		**1699.04**	**(-)664.35**	**5513.76**	**262.46**			**6220.8 9**	
	Power														
9.	Uttaranchal Power Corporation Limited	Urja	12.02.2001	20									Nil		Not available
10.	Uttaranchal Jal Vidyut Nigam Limited	Urja	12.2.2001	20									Nil		Not available
	Sector wise total														
	Total (A-Working Government companies)					**(-) 536.90 100.60**		**4545.68**	**(-) 1491.42 536.35**	**9265.10**	**210.22**	**2.27**		**12806. 82**	
B. Non-Working Government companies															
	Industry														
1.	Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Develo p-ment	29.01.1974	1994-95	2002-2003	-		0.07	-	(-)0.54	-	–	7	1	Nil

34 First Accounts not due

35 Company is under construction.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
2.	UPAI Limited	Agriculture	20.04.1977	1988-89	1999-2000	(-) 0.48	-	17.01	(-)5.25	10.30	(-)0.48	-	13	Nil	Nil
	Sector wise total					**(-) 0.48**	-	**17.08**	**(-) 5.25**	**(-) 0.54 10.30**	**(-) 0.48**			**Nil**	**Nil**
	Electronics														
3.	Kumtron Limited (Subsidiary of Uttaranchal Hill Electronics Corporation Limited)	Hill Develo p-ment	27.04.1987	1989-90	1990-91	(-) 1.61	-	18.31	(-) 1.61	12.35	(-) 1.61	-	12	0.07	Not available
4.	Uttaranchal Hill Phones Limited (Subsidiary of Uttaranchal Hill Electronics Corporation Limited)	Hill Develo p-ment	10.08.1987	[36]									15		Not available
5.	Uttaranchal Hill Quartz Limited (Subsidiary of Uttaranchal Hill Electronics Corporation Limited)	Hill Develo p-ment	18.07.1989	[22]									15		Not available
6.	Teletronix Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Develo p-ment	27.01.1973	1995-96	2002-2003	(-)143.60		334.71	(-)558.66	(-) 33.61	(-)141.64	–	6	42.29	Nil
7.	Kumaon Television Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Develo p-ment	24.08.1977	April 1996 to 29 November 1996	2000-2001	(-)33.95		99.75	(-)310.86	(-)76.34	(-)33.94	–	6	0.002[37]	Nil
	Sector wise total					**(-) 179.16**		**452.77**	**(-) 871.13**	**(-) 109.95 12.35**	**(-) 177.19**			**42.36**	
	Grand total B					**(-) 179.64**		**469.85**	**(-) 876.38**	**(-) 87.84**	**(-) 177.67**	-		**42.36**	
	Grand total (A+B)					**(-) 716.54 100.60**		**5015.53**	**(-) 2367.80 536.35**	**9177.26**	**32.55**	**0.35**		**12849.18**	

Note: (A) Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.
(B) Companies at serial No. B—2, 6 and 7, are under liquidation. Respective dates of liquidation are:

Sl.No.	Date of liquidation	Sl.No.	Date of liquidation	Sl.No.	Date of liquidation
2	31.03.1991	6	30.11.1996	7	30.11.1996

[36] Accounts not finalised since inception.
[37] Rs.292.00 only.

Appendix - XXIX

(Reference: Paragraphs 7.1.2.2 and 7.1.3.2; Page) 89 & 92

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2001

(Figures in columns 3(a) to 7 are in Rs. in lakh)

Sl No.	Name of the Public Sector Undertaking	Subsidy received during the year[38]				Guarantees received during the year and outstanding at the end of the year[39]					Waiver of dues during the year				Loans on which mora-torium allowed	Loans conver-ted into equity during the year
		Central Govern-ment	State Governme nt	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contractors	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
Working Government Companies																
1.	Doiwala Sugar Company Limited	-	-	-	-	4500.00 (4111.52)	-	-	-	4500.00 (4111.52)	-	-	-	-	-	-
2.	Uttaranchal Power Corporation Limited	-	354.70	-	354.70	-	-	-	-	-	-	-	-	-	-	-
	Total	**-**	**354.70**	**-**	**354.70**	**4500.00 (4111.52)**	**-**	**-**	**-**	**4500.00 (4111.52)**	**-**	**-**	**-**	**-**	**-**	**-**

38 Subsidy includes subsidy receivable at the end of year which is shown in brackets.

39 Figures in bracket indicate guarantees outstanding at the end of the year.

Appendix XXX
(Reference : Paragraph 7.1.5; Page 94).

Statement showing turnover of the companies whose turnover has been less than Rs. 5 crore during the last five years for which accounts have been certified

Sl No.	Name of the company	Latest finalised account (Year)	Turnover (Rs. in lakh)				
			Latest year	Second Year	Third Year	Fourth Year	Fifth Year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Trans Cables Limited	1999-2000	279.52	260.76	130.11	40.93	4.79
2.	Uttaranchal Hill Electronics Corporation Limited	1993-94	175.01	124.40	63.60	30.20	10.66
3.	Garhwal Anusuchit Janjati Vikas Nigam Limited	1989-90	27.74	19.09	28.63	60.66	52.68
4.	Kumaon Anusuchit Janjati Vikas Nigam Limited	1985-86	11.76	7.05	6.16	2.77	2.14

Appendix XXXI

(Reference: Paragraph 7.1.5; Page94)

Statement showing companies incurring losses for five consecutive years leading to negative net worth

(Rupees in lakh)

Sl. No.	Name of PSUs	Date of Incorporation	Losses for five consecutive years leading to negative net worth					
1.	Trans Cables Limited	29.11.1973	Year	1999-2000	1998-99	19997-98	1996-97	1995-96
			Net worth	(-) 418.21	(-) 358.94	(-) 367.45	(-) 319.78	(-) 251.32
			Loss for year	(-) 84.27	(-) 66.48	(-) 47.68	(-) 58.46	(-) 56.29
2.	Garhwal Anusuchit Janjati Vikas Nigam Limited	30.06.1975	year	1989-90	1988-89	1987-88	1986-87	1985-86
			Net worth	(-) 0.85	(+) 16.34	(+) 19.96	(+) 13.48	(+) 27.19
			Loss for year	(-) 13.24	(-)3.62	(-) 9.20	(-) 13.17	(-)4.48

Appendix XXXII

(Reference : Paragraph 7.1.6; Page96)

Statement showing the department-wise outstanding Inspection Reports

Sl.No	Name of Department	No. of PSUs	No. of outstanding IRs.	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Sugar and Cane Development	2	12	27	1992-93
2.	Industries & Industrial Development	1	1	4	1984-85
3.	Electronics	1	3	16	1998-99
4.	Development of Economically Weaker Section	1	10	30	1983-84
5.	Area Development	2	15	66	1984-85
6	Forest	1	31	82	1997-98
7.	Power	2	289	832	1978-79
	Total	**10**	**361**	**1057**	

Appendix XXXIII

(Reference :Paragraph 7.1.6; Page95)

Statement showing department wise draft paragraphs/reviews replies to which are awaited

Sl. No.	Name of Department	No. of draft paragraphs	No. of reviews	Period of issue
1.	Power	1	1	June/July 2002
2.	Electronics	1	--	July 2002
	Total	**2**	**1**	

Appendix XXXIV

(Reference: Paragraph 7.2.2.1; Page 99)

Statement showing time and cost overruns in respect of completed projects of Uttar Pradesh Jal Vidyut Nigam Limited

Sl. No.	Name of project	District	Capacity (KW)	Month of start of work	Schedule month of completion	Actual month of completion	Delay in completion (in months)	Approved cost as per original DPR (Rs. in lakh)	Actual completed cost (Rs. in lakh)	Excess cost (Rs. in lakh)	Pecentage of increase
1.	**Sobla Stage-I**	Pithoragarh	6000	09/88	08/91	11/98	86	747.00	1218.76	471.76	63.15
2.	**Urgam**	Chamoli	3000	08/91	07/94	3/97	31	489.62	840.62	351.00	72.10
3.	Kanchauti	Pithoragarh	2000	12/87	11/90	12/92	24	284.99	507.43	222.44	78.05
4.	Kulagad	Pithoragarh	1200	03/89	02/92	2/94	23	259.22	374.42	115.20	44.44
5.	Chhirkila	Pithoragarh	1500	12/87	11/90	3/94	39	191.60	462.04	270.44	141.14
6.	Barar	Pithoragarh	750	02/92	01/95	7/96	17	218.04	487.08	269.04	123.39
7.	Chharandeo	Pithoragarh	400	12/91	11/94	6/99	54	145.21	219.57	74.36	51.16
8.	Taleshwar	Pithoragarh	600	10/92	09/95	6/99	44	173.80	272.89	99.09	57.01
9.	Garaon	Pithoragarh	300	01/92	01/95	6/99	52	134.83	205.27	70.44	52.24
10.	Sapteshwar	Champawat	300	10/91	09/94	3/94	NA	137.15	277.39	140.24	102.25
11.	Kotabagh	Nainital	200	02/88	02/91	3/90	NA	34.94	92.60	57.66	165.02
		Total	**16250 or 16.25 MW**					**2816.40 or 28.16 crore**	**4958.07 or 49.58 crore**	**2141.67 or 21.42 crore**	

Note: Project at Sl. No. 9 and 10 were completed within schedule period of three years from the date of start of work.

Appendix XXXV

(Reference: Paragraph 7.2.2.1; Page99)

Statement showing time and cost overruns in respect of completed projects of

Uttar Pradesh Jal Vidyut Nigam Limited

Sl. No.	Name of project	District	Capacity (KW)	Month of start of work	Schedule month of completion	Delay in completion up to June 2001 (in months)	Approved cost as per original DPR (Rs. in lakh)	Expenditure incurred up to June 2001(Rs. in lakh)	Excess cost (Rs. in lakh)	Pecentage of increase
1.	Jumagad	Chamoli	1200	09/91	08/94	82	312.12	719.87	407.75	130.60
2.	Belka	Saharanpur	3000	11/88	10/91	116	734.05	1619.12	885.07	120.57
3.	Babail	Saharanpur	3000	11/88	10/91	116	780.30	2336.86	1556.56	199.48
	Sub total						**1826.47**	**4675.85**	**2849.38**	
4.	Soneprayag	Rudraprayag	500	04/98	04/2001	03	278.25	273.58	(-) 4.67	--
5.	Sobla-II	Pithoragarh	1500	05/99	04/2002	-	460.00	172.57	(-) 287.43	--
6.	Relagad	Pithoragarh	3000	04/99	03/2002	-	776.86	622.65	(-) 154.21	--
7.	Pilangad	Uttarkashi	2250	05/99	04/2002	-	617.95	558.46	(-) 59.49	--
8.	Badrinath-II	Srinagar	1250	05/2000	04/2003	-	422.42	79.66	(-) 342.76	--
9.	Sheetla	Jhansi	3600	03/2000	03/2003	--	1393.00	193.86	(-) 1199.14	--
	Sub total						**3948.48**	**1900.78**	**(-) 2047.10**	
	Grand total		**19300 or 19.30 MW**				**5774.95 or 57.75 crore**	**6576.63 or 65.77 crore**	**801.66 or 8.02 crore**	

Appendix XXXVI

(Reference: Paragraph 7.2.2.4; Page 102)

Statement showing delay in finalisation of tenders/agreements by Uttar Pradesh Jal Vidyut Nigam Limited from the date of approval by the Government

Sl. No.	Name of the Project	Date of approval	Date of finalisation of agreement	Period of delay (months)	Total delayed period (after allowing 10 months)
1.	Kanchauti	26.3.86	1.12.87	20	10
2.	Kulagad	25.4.87	15.6.90	37	23
3.	Chhirkila	20.3.86	12.11.87	19	09
4.	Barar	27.3.89	5.12.91	32	17
5.	Sobla Stage-I	11.3.86	5.9.88	29	19
6.	Chharandeo	27.3.89	22.11.91	31	21
7.	Taleshwar	27.3.89	10.9.92	41	31
8.	Garaon	27.3.89	21.3.92	35	25
9.	Belka	18.9.86	6.7.88	21	11
10.	Babail	18.9.86	28.9.88	23	13
11.	Soneprayag	.1.12.90	14.4.98	87	77
12.	Sheetla	25.11.98	11.2.2000	14	4

Appendix XXXVII

(Reference : Paragraphs 7.2.4.2.3 and 7.2.5.1; Page) 105 & 106

Statement showing shortfall in capacity utilisation in respect of completed projects of Uttar Pradesh Jal Vidyut Nigam Limited

Sl. No.	Name of project	Capacity (KW)	Date of commissioning	Period (months) up to March 2001	Annual generation as per original DPR (in KWH)	Total generation as per DPR up to March 2001 (in KWH)	Actual generation up to March 2001 (inKWH)	Shortfall in generation(in KWH)
1.	Kulagad	1200	2/94	85	3327060	23566675	16859343	6707332
2.	Barar	750	7/96	56	4360000	20346667	6588774	13757893
3.	Septeshwar	300	3/94	84	1582000	11074000	2498217	8575783
4.	Urgam	3000	3/97	48	8902400	35609600	16443586	19166014
5.	Chharandeo	400	6/99	21	642000	1123500	184050	939450
6.	Taleshawr	600	6/99	21	993000	1737750	113586	1624164
7.	Chhirkila	1500	3/94	84	3015000	21105000	17382632	3722368
8.	Kotabagh	200	3/90	132	700800	7708800	2685949	5022851
9.	Sobla	6000	11/98	18	12877200	19315800	9741604	9574196
	Total					**141587792 or 1415.88 lakh**	**72497741 or 724.98 lakh**	**69090051 or 690.90 lakh**

Appendix XXXVIII

*(Reference: Paragraph 7.2.5.2; Page)*106

Statement showing delay in putting projects on commercial load after their successful completion in respect of Uttar Pradesh Jal Vidyut Nigam Limited

Sl. No.	Name of project/Capacity (KW)	Actual maximum generation achieved in a year (in KWH)	Month of commissioning of the project	Month of putting the project on commercial load	Delayed period in putting the project on commercial load after commissioning (In months)	Units generated during trial period i.e. commissioning of the project (In KWH)	Units to be generated during delayed period (In KWH)	Unit short generated (In KWH)	Total value of loss on account of delayed commercial load @ Rs. 1.70 per KWH (Rs. in lakh)
1.	Chhirkila/1500	6107806	3/94	5/97	37	10110	18832402	1882292	319.98
2.	Sapteshwar/300	524178	3/94	9/94	5	1848	218408	216560	3.68
3.	Chharandeo/400	184050	6/99	12/2000	17	--	260738	260738	4.43
4.	Taleshwar/600	113586	6/99	12/2000	17	--	160914	160914	2.74
5.	Kanchauti/2000	10667508	12/92	8/93	7	--	6222713	6222713	105.79
6.	Sobla/6000	6743562	11/98	7/99	7	59168	3933745	3874577	65.87
7.	Urgam/3000	6990287	3/97	3/98	11		6407763	6407763	108.93
	Total					**71126**	**36036683 or 360.37 lakh**	**35965557 or 359.66 lakh**	**611.42 or 6.11 crore**

Appendix XXXIX

(Reference: Paragraph 7.2.5.3; Page)106

Statement showing loss of generation on account of excess outages in respect of Uttar Pradesh Jal Vidyut Nigam Limited

Sl. No.	Name of project	Actual maximum generation achieved on operation (in KWH)	Period up to which records checked	Outages due at the rate of 3 *per cent* (In days)	Actual outage (In days)	Percentgae of outage	Excess outages(in days)	Loss of generation (KWH)	Total value of loss on account of excess outage @ Rs.1.70 per unit (in Rs.)
1.	Kulagad	3482064	1.6.94 to 31.5.2001	77	374	14.63	297	2833351	4816697
2.	Sapteshwar	524178	14.96 to 31.5.2001	56	153	8.24	97	139302	236813
3.	Kotabagh	369335	1.4.95 to 31.5.2001	68	487	21.64	419	423976	720759
4.	Kanchauti	10667508	1.4.95 to 31.5.2001	68	89	3.95	21	613747	1043370
5.	Sobla	6743562	17.7.99 to 7.6.2000	10	31	9.25	21	387986	659576
6.	Barar	2284351	1.4.96 to 31.5.2001	57	178	9.44	121	757278	1287373
							Total	**5155640 or 51.56 lakh**	**8764588 or 0.88 crore**

Appendix XL

(Reference: Paragraph 7.2.7.2; Page) 109

Statement showing avoidable interest liability due to under utilisation of loan received from State Government in respect of Uttar Pradesh Jal Vidyut Nigam Limited

(Rupees in lakh)

Year	Loan taken during the year	Cumulative loan	Interest liability @ 14 *per cent* per annum	Expenditure during the year	Cumulative expenditure	Interest liability on loan utilised	Avoidable interest liability on unutilised loan
1986-87	358.35	358.35	--	--	--	--	--
1987-88	--	358.35	50.17	--	--	--	50.17
1988-89	133.81	492.16	50.17	48.75	48.75	--	50.17
1989-90	24.86	517.02	68.90	29.15	77.90	6.83	62.07
1990-91	3.64	520.66	72.38	280.45	358.35	10.91	61.47
1991-92	19.97	540.63	72.89	133.81	492.16	50.17	22.72
1992-93	3.00	543.63	75.69	24.86	517.02	68.90	6.79
1993-94	13.45	557.08	76.11	3.64	520.66	72.38	3.73
1994-95	122.99	680.07	72.99	19.97	540.63	72.89	0.10
1995-96	180.65	860.72	95.21	3.00	543.63	75.69	19.52
1996-97	463.21	1323.93	120.50	13.45	557.08	76.11	44.39
1997-98	146.34	1470.27	185.35	122.99	680.07	77.99	107.36
1998-99	272.61	1742.88	205.84	180.65	860.72	95.21	110.63
1999-00	--	1742.88	244.00	463.21	1323.93	120.50	123.50
2000-01	--	1742.88	244.00	146.34	1470.27	185.35	58.65
Total			**1634.20**			**912.93**	**721.27**

Note:- *Avoidable interest liability = Rs.1634.20 lakh – Rs.912.93 lakh = Rs.721.27 lakh*