The Report of

the Comptroller and Auditor General of India

on

Social, General, Economic (Non-PSUs) sectors

for the year ended 31 March 2013

GOVERNMENT OF JAMMU AND KASHMIR

Report No: 2 of 2014

TABLE OF CONTENTS

Appendices

PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of the State of Jammu and Kashmir under Article 151 (2) of the Constitution of India for being laid before the State Legislature.

The Report for the year ended 31 March 2013 contains significant results of the performance audit and compliance audit of the departments/ autonomous bodies of the Government of Jammu and Kashmir under the Social, General and Economic Sectors (Non-Public Sector Undertakings).

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts of the Government departments during the year 2012-13 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 2012-13 have also been included, wherever necessary.

The Audit has been conducted in conformity with the Auditing Standards issued (March 2002) by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains five Performance audits i.e. Jammu and Kashmir Economic Reconstruction Agency, National Rural Water Drinking Programme, Pradhan Mantri Gram Sadak Yojana, Development of Tourism and Working of University of Kashmir and 14 paragraphs involving ₹2956.17 crore relating to excess/ wasteful/ unfruitful/ infructuous/ avoidable unproductive expenditure, idle investment, blocking of funds, etc. Some of the major findings are mentioned below:

PERFORMANCE AUDIT

Major findings of **Jammu and Kashmir Economic Reconstruction Agency** are given below:

- The Agency did not deduct one *per cent* cess from the bills of the contractors for various construction projects resulting in non-recovery of ₹12.99 crore.

  (Paragraph: 2.1.6.3)

- Agency had allotted 125 sub-projects/ contracts for execution at cost of ₹1346.37 crore during the period 2005-13. There was limited competition in the award of contracts by ERA as out of 112 contracts, 38 contracts had been allotted on single bid basis and 43 contracts on two bids basis.

  (Paragraph: 2.1.7.1)

- Six sub-projects allotted at a cost of ₹53.15 crore could not be completed (March 2013) within the targeted date by the Agency due to non-acquisition of encumbrance free land, clearance of the Forest Department, shifting of utilities etc and the work on these sub-projects had been terminated by the Agency midway after incurring an expenditure of ₹23.11 crore.

  (Paragraph: 2.1.8.4)

- The bid evaluation committee failed to detect variation in the similar items of work while evaluating bids of three sub-projects on a single day, which resulted in allotment of works at an extra cost of ₹15.63 crore.

  (Paragraph: 2.1.9.1)

- There was time overrun between one month and four years in 93 sub-projects and as against due performance security of ₹50.85 crore, the agency had obtained performance security of ₹36.15 crore.

  (Paragraphs: 2.1.10.1 and 2.1.10.3)

Major findings of **National Rural Water Drinking Programme** are given below:

- As against target of covering 5,045 habitations, only 2,992 habitations (59 *per cent*) were covered during the period 2009-13. Besides, 1,003 habitations which had already 100 *per cent* coverage were again covered during the said period.

  (Paragraph: 2.2.9.1)

- Out of 2,107 water supply schemes (including 971 schemes of ARWSP) taken up for execution during the period 2009-13, total of 702 schemes had been completed leaving 1,405 (including 445 schemes of ARWSP) schemes incomplete as of March 2013.

  (Paragraph: 2.2.9.2)

- Against target of testing of 33,470 water samples during the period 2011-13, only 24,648 water samples were tested.

  (Paragraph: 2.2.12.1)

- Department had not attempted convergence of the programme with other programmes such as carrying out water quality tests under NRHM and for execution of the schemes by utilizing the services of labour under MGNREGS.

  (Paragraph: 2.2.16)

Major findings of **Pradhan Mantri Gram Sadak Yojana** are given below:

- Out of 2720 unconnected habitations (March 2013), 224 habitations with population of 1000 persons and above and 467 habitations with a population of 500 persons and above which were to be connected at the end of 2003 and 2007 respectively were not connected till 31 March 2013.

  (Paragraph: 2.3.7)

- The work of construction of 140 road projects was allotted to 33 inexperienced/ ineligible contractors at a cost of ₹578.22 crore.

  (Paragraphs: 2.3.11.1 and 2.3.11.2)

- Failure to notice shortcomings at the time of tendering process led to unauthorized subletting of contracts in 42 road projects involving expenditure of ₹102.96 crore. Non-compliance of orders of the Chief Engineer by the Programme Implementation Units resulted in release of irregular payment of ₹30.28 crore to the contractor.

  (Paragraph: 2.3.11.3)

- The maximum period of 65 days prescribed in the Programme guidelines for finalization of contracts could not be adhered and delays in the bidding process in respect of 217 road projects ranged from 12 to 722 days.

  (Paragraph: 2.3.11.4)

- Programme fund amounting to ₹375.72 crore had been irregularly spent on the construction of 163 ineligible road projects

  (Paragraph: 2.3.12.1)

- Due to failure to ensure availability of encumbrance free land, clearance from the Forest Department, non-availability of take off points for road works etc. by the PIUs, 464 road projects could not be completed in time resulting in blocking of investment of ₹949.06 crore.

  (Paragraph 2.3.12.2)

Major findings of **Development of Tourism** are given below:

- The State Government had not formulated short term and long term perspective plans on Tourism.

(Paragraph: 2.4.6)

- A system to keep watch on illegal constructions and unplanned development of the areas and to grant permission for development of land or construction of building was not in place.

(Paragraph: 2.4.8.3)

- Despite an increase of 71 *per cent* in tourist arrival during the year 2011-12 over the year 2008-09, the occupancy levels in the JKTDC facilities increased only by 16 *per cent* during the period.

(Paragraph: 2.4.9.1)

- Out of 38 projects sanctioned during the period 2008-11, only 19 projects were completed as of March 2013. There were excesses over original estimates to the extent of six *per cent* to 1400 *per cent* in 213 works. Six out of 21 schemes taken up under 12th Finance Commission award during 2006-10 at a cost of ₹11.30 crore had not been completed.

(Paragraphs: 2.4.10, 2.4.10.1 and 2.4.10.3)

- The assets created at 12 different tourist locations by incurring an expenditure of ₹15.55 crore were not in operation due to shortage of skilled manpower.

(Paragraph: 2.4.11.2 (iv))

Major findings of **Working of University of Kashmir** are given below:

- Against intake capacity of 19,278 students for academic years 2008 to 2012 a total of 16603 students (86 *per cent*) were admitted though 177816 students had applied for admission during these academic years.

(Paragraph: 2.5.5)

- Out of 77 research projects to be completed by March 2013, only 16 projects had been completed. 11 projects on which an expenditure of ₹62.24 lakh was incurred were abandoned midway.

(Paragraph: 2.5.7)

- The University had not prepared its consolidated annual accounts since inception. The finances were scattered in as many as 123 different accounts.

(Paragraph: 2.5.10.5)

- Injudicious decision relating to acquisition of 300 *kanals* of land have caused financial burden of ₹71.73 crore (March 2013).

(Paragraph: 2.5.11.1)

- The construction of 137 building projects (expenditure: ₹31.57 crore) was undertaken without formulation and approval of plans. Supplementary agreements for additional works amounting to ₹23.88 crore were irregularly made with contractors on already allotted rates and works were got executed without calling for fresh tenders.

(Paragraph: 2.5.11.2)

- The shortfall in teaching faculty ranged between 23 and 35 *per cent* during 2008-09 to 2012-13. The ratio of teaching and non-teaching staff was higher than the prescribed norms by UGC.

(Paragraphs: 2.5.12 and 2.5.12.1)

COMPLIANCE AUDIT

Implementation of Rashtriya Krishi Vikas Yojana (RKVY)

The comprehensive State Agriculture Plan (SAP) had not been prepared by the Nodal Agency. An amount of ₹11.30 crore was allocated in excess of prescribed limit under Stream-II of the scheme. An expenditure of ₹60.51 lakh incurred on establishment of Hi-Tech Green houses was rendered unfruitful as these were not made functional. Excess assistance to the extent of ₹1.38 crore was paid to 198 beneficiaries during the period 2009-13 under Natural resource management sector.

(Paragraph 3.1)

Blocking of funds

Failure of the Department to follow the prescribed procedure/ guidelines for submission of reimbursement claims of transportation charges for the period 2009-12 resulted in non-release of these charges by the FCI and consequent locking up of funds of ₹7.46 crore and a loss of interest of ₹62.62 lakh on the locked up funds.

(Paragraph 3.2)

Working of State Pollution Control Board

Funds amounting to ₹17.77 crore had remained in Bank accounts of the Board at the end of March 2013. The accounts of the Board were finalised only upto the year 2006-07. The Board had not upgraded the existing Water and Air laboratories. The validity of consent to operate had expired in respect of 407 industrial units between March 2001 and February 2013 and these were running without renewal consent in violation of Provisions of the Act. No register to watch the fulfilment of consent conditions had been maintained either in the Regional offices or by the Member Secretary of the Board. Rules governing Management of wastes were deficiently enforced by the waste generating agencies.

(Paragraph 3.3)

Development of Fisheries

Out of 480 carp fish ponds constructed under PMEP, 164 ponds constructed with the assistance of ₹1.63 crore and seven ponds and ten trout raceways constructed under RKVY with the assistance of ₹28.40 lakh were rendered non-functional. As against an annual production capacity of 1617.98 lakh eggs in seven farms/ trout units an average 85.80 lakh fry were produced annually in these farms/ units. The mortality rate of fertilized eggs/ spawn/ green ova in these hatcheries ranged between 44 and 96 *per cent*. Due to low production of feed, the Department had to procure feed from market for its departmental farms. The pelleted feed produced did not contain six required ingredients during intermittent periods leading to production of sub standard feed.

(Paragraph 3.4)

Blockade of investment due to non-providing of operational staff

Failure of the executing authorities of the Irrigation and Flood Control Department to make the four Lift Irrigation Schemes in Akhnoor, Jammu functional had resulted in blockade of investment of ₹1.94 crore besides depriving the population of the targetted villages of the intended benefits of the schemes.

(Paragraph 3.7)

Idle investment due to non-completion of the project

Improper planning in execution of the project by way of effecting changes in the design and size of the pump house after allotment of work to the contractor and non-completion of main components of the project by the Executive Engineer Irrigation Division Kathua resulted in unproductive investment of ₹1.95 crore.

(Paragraph 3.9)

Implementation of Indira Awaas Yojana

The Government received less central assistance to the extent of ₹24.45 crore during the period 2008-13 due to excessive accumulation of unspent balances, late submission of proposals for release of second installment and inadequate State share. As against shortage of 14901 houses (as per the BPL Census-2002) the Department had sanctioned assistance for 45899 beneficiaries for construction of new houses during the period 2008-13 showing coverage of 30998 ineligible beneficiaries. Inadmissible financial assistance of ₹21.22 crore was paid in 7589 cases due to wrong selection of beneficiaries. Further excess payment of ₹7.04 crore was made to 3782 beneficiaries due to release of financial assistance at enhanced and inadmissible rates.

(Paragraph 3.11)

Implementation of Scheme of Post Matric Scholarship to ST students

There were instances of unauthorised/ irregular payment of scholarship for unrecognised courses and to unaccredited computer centres (₹9.24 crore) besides excess payment of scholarship (₹25.34 lakh), non-observance of prescribed procedures and payment of scholarship directly to the private computer institutions/ centres in contravention of the provisions of the scheme guidelines.

(Paragraph 3.12)

Chapter-I

Introduction

on Social, General and Economic Sectors (Non-PSUs)

CHAPTER-I

INTRODUCTION

1.1 Budget profile

There are 29 departments and 37 autonomous bodies in the State. The position of budget estimates and actuals thereagainst by the State Government during 2008-13 is given in **Table 1.1**.

Table-1.1

Budget and expenditure of the state government during 2008-13

(₹ in crore)

Particulars	2008-09		2009-10		2010-11		2011-12		2012-13	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General services	4005	5272	4306	6445	4463	7777	11080	9725	11098	10626
Social services	3268	3018	4229	4258	5047	5214	5988	6293	6921	6908
Economic services	3704	3757	6191	4621	7943	5476	5369	6663	6572	7583
Grants-in-aid[1] and contributions	-	-	-	-	-	-	-	-	-	-
Total (1)	**10977**	**12047**	**14726**	**15324**	**17453**	**18467**	**22437**	**22681**	**24591**	**25117**
Capital expenditure										
Capital Outlay	**5553**	**4964**	**6982**	**6234**	**7327**	**6064**	**7286**	**5899**	**8863**	**5224**
Loans and advances disbursed	**59**	**42**	**65**	**49**	**81**	**72**	**80**	**66**	**70**	**93**
Repayment of Public Debt	**611**	**703**	**808**	**731**	**959**	**3932**	**1174**	**1211**	**1317**	**1343**
Contingency Fund	---	---	---	--	---	---	---	--	---	--
Public Accounts[2] disbursements	**1464**	**35696**	**1673**	**43301**	**1896**	**54735**	**2158**	**17106**	**2789**	**17722**
Closing Cash balance	-	**63**	-	**67**	-	**99**	-	**960**	-	**91**
Total (2)	**7687**	**41468**	**9528**	**50382**	**10263**	**64902**	**10698**	**25242**	**13039**	**24473**
Grand Total (1+2)	**18664**	**53515**	**24254**	**65706**	**27716**	**83369**	**33135**	**47923**	**37630**	**49590**

Source: Annual Financial Statements and Finance Accounts of the State Government.

1.2 Application of resources of the State Government

As against the total outlay of the budget of ₹37,630 crore, total expenditure was ₹49,590 crore during 2012-13. The total expenditure[3] of the state increased from ₹17,053 crore to ₹30,434 crore during 2008-13, the revenue expenditure of the State Government increased by 108 *per cent* from ₹12,047 crore in 2008-09 to ₹25,117 crore in 2012-13. Non-Plan revenue expenditure increased by 101 *per cent* from ₹11,734 crore to ₹23,560 crore and capital expenditure increased by five *per cent* from ₹4,964 crore to ₹5,224 crore during the period 2008-13.

The revenue expenditure constituted 71 to 83 *per cent* of the total expenditure during the years 2008-13 and capital expenditure 17 to 29 *per cent*. During this period, total

[1] Grant-in-aid paid by the State Government is included in the above sectors

[2] Actuals exclude transactions of investment of cash balance and departmental cash balance

[3] Total expenditure includes revenue expenditure, capital expenditure and disbursement of loans and advances

expenditure increased at an annual average rate of 14 *per cent*, whereas revenue receipts grew at an annual average growth rate of 15 *per cent* during 2008-13.

1.3 Persistent savings

In 11 cases, there were persistent savings of more than ₹one crore in each during the last five years as per the details given in **Table-1.2.**

Table-1.2
List of grants with persistent savings during 2008-13

(₹ in crore)

Sl. No	Grant number and name	Amount of Savings				
		2008-09	2009-10	2010-11	2011-12	2012-13
Revenue (Voted)						
1.	03-Planning and Development	41.74 (43)	98.31 (72)	38.88 (56)	20.48 (14)	89.06 (36)
2.	04-Information	3.78 (18)	3.21 (12)	6.04 (19)	6.13 (15)	10.43 (25)
3.	10-Law	25.34 (19)	43.00 (38)	22.31 (17)	77.17 (38)	62.01 (33)
4.	11-Industries & Commerce	9.16 (9)	19.14 (14)	20.06 (13)	36.84 (18)	32.34 (15)
Revenue charged						
5.	10-Law	1.97 (19)	5.32 (29)	2.18 (14)	6.51 (28)	12.54 (39)
Capital (Voted)						
6.	07-Education	57.59 (30)	121.95(43)	317.82 (59)	128.18 (27)	209.29 (43)
7.	08-Finance	432.23 (82)	222.22 (27)	387.82 (74)	207.67 (92)	248.65 (93)
8.	14-Revenue	145.22 (88)	72.05 (53)	45.64 (42)	52.71 (51)	41.76 (75)
9.	19-Housing and Urban Development	279.90 (63)	96.10 (26)	156.78 (38)	262.38 (43)	235.05 (31)
10.	21-Forest	24.00 (35)	47.94 (50)	50.69 (52)	39.41 (46)	16.36 (18)
11.	25-Labour, Stationery and Printing	74.44 (95)	69.80 (97)	140.44 (99)	71.84 (97)	78.16 (98)

Source: Appropriation Accounts

Reasons for persistent savings under these heads were not intimated (January 2014) by the State Government. However, this indicated inadequate financial control.

1.4 Funds transferred directly to the State Implementing Agencies

The Government of India directly transferred ₹2667 crore[4] to various State implementing agencies without routing through the State Budget during the year 2012-13. Consequently, these amounts remained outside the scope of Annual Accounts (Finance Accounts and Appropriaiton Accounts) of the State Government during the year.

1.5 Grants-in-aid from Government of India

The Grants-in-aid received from the GoI during the years 2008-09 to 2012-13 have been given in **Table-1.3.**

Table-1.3
Grants-in-aid from GoI

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Non-Plan Grants	3460	3404	5966	4551	4080
Grants for State Plan Schemes	5495	8287	8625	9990	10274
Total	**8955**	**11691**	**14591**	**14541**	**14354**
Percentage of increase over previous year	10	31	25	(-) 0.34	(-) 1
Percentage of Revenue Receipts	63	66	66	59	55

[4] Details in Report on State Finances of Government of Jammu and Kashmir at page 9.

Total grants-in-aid from GoI increased from ₹8955 crore to ₹14,354 crore during the period 2008-13. There was percentage increase which ranged between (-) 0.34 and 31 *per cent* during the period 2009-13 over the previous year whereas its percentage to revenue receipts ranged between 55 and 66 *per cent*.

1.6 Planning and conduct of audit

The Audit process starts with the risk assessment of various departments, autonomous bodies, schemes/ projects, etc., criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Report containing audit findings is issued to the head of the office with request to furnish replies within one month. Whenever replies are received, audit findings are either settled/ or further action for compliance is advised. The important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India, which are submitted to the Governor of Jammu Kashmir under Article 151 of the Constitution of India.

During 2012-13, compliance audit of 846 drawing and disbursing officers of the State and 37 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Jammu Kashmir. Besides, seven Performance Audits were also conducted.

1.7 Response of Government to Audit Report

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments, which have negative impact on the success of programmes and functioning of the departments. The focus was on auditing the sepecfic programmes/ schemes and to offer suitable recommendations to the executive for taking corrective action and improving service delivery to the citizens.

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/ Secretaries of the Department concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report. 14 paragraphs and five Performance Audits proposed to be included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2013 were sent to the Principal Secretaries/ Secretaries of the respective departments. No reply of the Government has been received (January 2014).

1.8 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the Departments of the State Government were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit. The details of recoveries pointed out by Audit during the year 2012-13, those accepted by the Departments and recoveries effected are given in **Table-1.4**.

Table-1.4

(₹ in crore)

Department	Recoveries pointed out in 2012-13			Recoveries Accepted during 2012-13			Recoveries effected during 2012-13		
	Audit Report*	Inspection Reports	Total	Audit Report*	Inspection Reports	Total	Audit Report*	Inspection Reports	Total
Government Departments	20.60	167.35	187.95	20.43	17.78	38.21	2.29	0.12	2.41
Total	**20.60**	**167.35**	**187.95**	**20.43**	**17.78**	**38.21**	**2.29**	**0.12**	**2.41**

**The recoveries relate to CAG's Audit Report for the year ended March 2012.*

1.9 Lack of responsiveness of Government to Audit

The Hand Book of Instructions for speedy settlement of Audit observations/ Inspection Reports (IRs), etc., issued by the Government (Finance Department) provides for prompt response by the executive to the IRs issued by the Principal Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. brought out in the IRs. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects promptly and report their compliance to the Principal Accountant General (Audit).

Based on the results of test audit, 29,751 Audit observations contained in 8037 IRs pertaining to the period 1998-2013 and outstanding as on 31 March 2013 are given in **Table 1.5**:

Table: 1.5

Name of sector	Opening Balance (01 April 2012)		Additions during the year 2012-13		Settled during the year 2012-13		Closing Balance (31 March 2013)	
	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs
Social Sector (Non PSUs)	2834	10039	158	1636	78	348	2914	11327
General Sector (Non PSUs)	1428	5127	365	1341	14	240	1779	6228
Economic Sector (Non PSUs)	3228	11508	152	1137	36	449	3344	12196
Total	**7490**	**26674**	**675**	**4114**	**128**	**1037**	**8037**	**29751**

The pendency of large number of paragraphs of serious financial irregularities and loss to Government even after being pointed out in audit, indicated lack of response of the Government departments to Audit.

The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the departments in a time-bound manner.

1.10 Follow-up on Audit Reports

1.10.1 Non-submission of *suo-motu* Action Taken Notes

To ensure accountability of the executives to the issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports irrespective of the fact that these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Principal Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the State Legislature.

It was, however, noticed that out of 393[5] audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2011-12, *suo-motu* ATNs in respect of 222 audit paragraphs had not been received upto 30 September 2013.

1.10.2 Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Principal Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 371 audit paragraphs featuring in the Civil chapters of Audit Reports for the years from 2000-01 to 2010-11, 145 audit paragraphs have been discussed by the PAC up to 30 September 2013. Recommendations in respect of 138 audit paragraphs have been made by the PAC, however, ATNs on the recommendations of the Committees is pending from the State Government in respect of 116 paragraphs.

1.11 Non-submission/ delay in submission of Annual accounts by Autonomous Bodies

A total of 333 annual accounts of 32 Bodies were awaited in Audit as on 31st March 2013. Six Autonomous Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19 (3) and 20 (1) of the said Act had also not furnished the annual accounts as given in **Table 1.6**.

5 25 Audit paragraphs featuring in the Audit Report 2004-05 being of introductory/ routine nature not considered/skipped over from discussion during the Orientation course held in July 2013 with the members of the Public Accounts Committee.

Table 1.6
Non-submission of accounts by Autonomous Bodies

Name of Body/Authority	Delay in number of years	No of accounts	Grants during 2012-13 (₹ in crore)
Ladakh Autonomous Hill Development Council, Leh	1-18	18	353.45
Ladakh Autonomous Hill Development Council, Kargil	1-9	09	354.61
Sher-i-Kashmir University of Agricultural Science and Technology, Srinagar	1-3	03	114.36
Sher-i-Kashmir University of Agricultural Science and Technology, Jammu	1-2	03	45.55
Jammu & Kashmir Legal Services Authority, Srinagar	1-16	16	9.67
Provident Fund Organization, Srinagar	1-12	12	Nil
		61	**877.64**

The audit of Ladakh Autonomous Hill Development Council (LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India upto 2012-13. LAHDC, Leh has failed to submit accounts for audit since its inception i.e. 1995-96 although substantial sums are being released to the Council and unspent balances at the end of the year remain credited in a non-lapsable Fund in the Public Account of the State. Same is the position in respect of LAHDC, Kargil which came into existence in the year 2004-05 and the accounts are in arrears since inception.

Non-submission/ delay in submission of accounts by these Bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years.

1.12 Year-wise details of reviews and paragraphs appeared in Audit Report

The year-wise details of Performance reviews and Audit paragraphs that appeared in the Audit Report for the last two years alongwith their money value is given in **Table-1.7**.

Table-1.7

Details regarding Performance reviews and Audit paragraphs appeared in Audit Reports during 2010-12

Year	Performance Audit		Audit Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2010-11	5	560.91	14	25.87	---	---
2011-12	4	3675.01	17	41.01	---	04

During 2012-13, five performance audits involving money value of ₹2881.34 crore and 14 Audit paragraphs involving ₹74.83 crore have been included in this Report.

CHAPTER-II

PERFORMANCE AUDITS

CHAPTER – II
PERFORMANCE AUDITS

Planning and Development Department

2.1 Jammu and Kashmir Economic Reconstruction Agency (ERA)

The Jammu and Kashmir Economic Reconstruction Agency (ERA) was registered (December 2004) as a Society under the Jammu and Kashmir Registration of Societies Act, 1941. The Agency is entrusted to execute infrastructure development projects in the State financed from the loan taken from the Asian Development Bank (ADB) through Government of India. Some important findings of the audit are as under:

Highlights

- **The Agency did not deduct one *per cent* cess from the bills of the contractors for various construction projects resulting in non-recovery of ₹12.99 crore.**

(Paragraph: 2.1.6.3)

- **Agency had allotted 125 sub-projects/ contracts for execution at a cost of ₹1346.37 crore during the period 2005-13. There was limited competition in the award of contracts by ERA as out of 112 contracts, 38 contracts had been allotted on single bid basis and 43 contracts on two bids basis.**

(Paragraph: 2.1.7.1)

- **Six sub-projects allotted at a cost of ₹53.15 crore could not be completed (March 2013) within the targeted date by the Agency due to non-acquisition of encumbrance free land, clearance of the Forest Department, shifting of utilities etc and the work on these sub-projects had been terminated by the Agency midway after incurring an expenditure of ₹23.11 crore.**

(Paragraph: 2.1.8.4)

- **The bid evaluation committee failed to detect variation in the similar items of work while evaluating bids of three sub-projects on a single day, which resulted in allotment of works at an extra cost of ₹15.63 crore.**

(Paragraph: 2.1.9.1)

- **There was time overrun between one month and four years in 93 sub-projects and as against due performance security of ₹50.85 crore, the agency had obtained performance security of ₹36.15 crore.**

(Paragraphs: 2.1.10.1 and 2.1.10.3)

2.1.1 Introduction

The Jammu and Kashmir Economic Reconstruction Agency (ERA) was registered (December 2004) as a Society under the Jammu and Kashmir Registration of Societies Act, 1941. The main objective of the Society was to prepare and implement Externally Aided Projects in the State. The Governing Body was reconstituted in April 2009 with inclusion of five members and one CEO. The Hon'ble Chief Minister is the chairman of the society. The ERA is functioning under the administrative control of the Planning and Development Department, Government of Jammu and Kashmir and is entrusted to execute infrastructure development projects in the State.

The Economic Reconstruction Agency has been executing the projects 'Multi-sector Project of Infrastructure Rehabilitation in the State of Jammu and Kashmir (MPIRJK Loan 2151)' and 'J&K Urban Sector Development Investment Programme (JKUSDIP Loan 2331)'. These projects are financed from the loan taken from the Asian Development Bank (ADB) through Government of India. The MPIRJK with three sectors (Transport, Urban and Capacity Building) covers six sub-sectors (Bridges, Roads, Drainage, Equipment, Water supply and Consultancy) and 122 contracts whereas the JKUSDIP with two sectors (Urban and Capacity Building) covers four sub-sectors (Sewerage, SWM, Water Supply and Consultancy) and 11 contracts.

2.1.2 Audit objective

Performance audit of ERA was conducted with a view to assess its efficiency and effectiveness in the implementation of the projects financed from the loan taken from ADB. The objectives of the Performance audit were to assess whether:

- Planning for implementation of the projects was effective;
- Financial Management was efficient;
- Contract Management was in accordance with ADB guidelines;
- Implementation of projects was economic, efficient and effective; and
- Internal control mechanism was adequate.

2.1.3 Audit scope and methodology

The audit covered the period from 2008-09 to 2012-13 through test-check of records of the Commissioner-Secretary Planning and Development Department, Chief Executive Officer ERA, Director Finance Project Management Unit (PMU), four[1] Project Implementing Unit's (PIU's) and eight[2] divisions of the line departments. The audit examined the records relating to implementation of 39[3] out of 133 sub-projects selected on the basis of simple random sampling method. An entry conference was held with the Chief Executive Officer, ERA on 03 April 2013 wherein audit objectives, scope and methodology for conducting performance audit were discussed. The performance audit was discussed on 23 December 2013 in the exit conference

---

1 PIU Transport: 2; (Kashmir: 1; Jammu: 1); PIU Urban: 2; (Kashmir: 1: Jammu: 1)

2 EMRE Division-II and III Jammu, IV and V Srinagar, STD Division I&II Jammu, Electric Central Store Jammu and PHE Mechanical South Jammu

3 Transport sector: 21, Urban sector: 16 and Capacity building :2

with the Principal Secretary to J&K Government, Planning and Development Department. The comments offered in the exit conference had been incorporated at appropriate places.

2.1.4 Audit criteria

The performance audit was benchmarked against the following audit criteria:-

- Guidelines issued by the ADB.
- J&K State Financial Rules/ Circulars/ notifications issued by the Central/ State Governments and ERA
- Decisions of the Governing Body/ State Government.

2.1.5 Planning

The projects undertaken by ERA under ADB Loan assistance in the State are to be formulated by the Planning and Development Department on the basis of inputs received from various line Departments. The Line Departments, Local Administration and the local public are to be consulted for prioritizing the projects. The Project Steering Committee headed by the Chief Executive officer (CEO) including Commissioner/ Secretaries in-charge of State Departments of Public Works, Planning and Development, Housing and Urban Development, Urban Environmental Engineering, Public Health Engineering, Tourism and Power Development had to facilitate interaction between the ERA and participating agencies to select sub-projects and review their scope and design as well as coordinate between various agencies regarding approvals and clearances. It was however seen that no policy for prioritizing of sub-projects had been framed as 58 sub-projects (38 under Transport Sector and 20 under Urban Sector) initially proposed under Loan-I were either dropped or shifted to other Centrally/ State funded schemes. Further sub-projects had been handed over by line departments to ERA without acquisition/identification of land, clearances from concerned departments and shifting of utilities resulting into termination/short closure of sub-projects.

2.1.6 Financial Management

The ADB, after selection and appraisal of projects, provide funds to the Government of India in the shape of loan, which in turn are released to the State Government as grant-in-aid (90 *per cent)* and loan (10 *per cent*). The principal, interest and commitment charges of loan raised with ADB are payable by the Government of India and the State Government has to bear interest only on the 10 *per cent* loan component. The position of funds released by the Government of India for ADB assisted projects under Loan-I and Loan-II, counterpart funds (for acquisition of land for the projects) released by the State Government together with the expenditure incurred thereagainst during the period from 2008-09 to 2012-13 is given in **Table-2.1.1.**

Table-2.1.1 **(₹in crore)**

Year	Opening balance			Receipts Under Loan I		Receipts under Loan II		Total availability of funds	Expenditure Loan-I	Expenditure loan-II	Closing balance
	Loan-I	Loan-II	Total	GOI and ADB share	State Share	GOI and ADB share	State Share				
2008-09	169.20	-	169.20	167.82	Nil	10.00	Nil	347.02	315.47	1.70	29.85
2009-10	21.55	8.30	29.85	343.05	Nil	25.00	Nil	397.90	351.43	29.08	17.39
2010-11	13.17	4.22	17.39	270.89	6.25	166.77	0.69	461.99	235.49	24.78	201.72
2011-12	54.82	146.90	201.72	192.00	9.65	61.18	1.30	465.85	216.79	46.08	202.98
2012-13	39.68	163.30	202.98	105.00	13.15	15.00	0.08	336.21	134.96	50.70	150.55
Total				**1078.76**	**29.05**	**277.95**	**2.07**		**1254.14**	**152.34**	

The funding of the Agency was not rationally linked with pace of its actual expenditure. The annual expenditure of the Agency was consistently less than 57 *per cent* of available funds during 2010-11 to 2012-13. The closing balance of funds had increased from ₹29.85 crore during 2008-09 to ₹150.55 crore during 2012-13.

2.1.6.1 Outstanding utilisation certificates against advances

(i) Absence of funding constraint on ERA was manifest in advances given by ERA without due scrutiny and control. Out of ₹75.01 crore advanced during the period 2008-09 to 2012-13 under loan I of the Project Multi Sector Infrastructure Rehabilitation Project (MPIR) to the Public Health Engineering Department (PHED), Power Development Department (PDD), Public Works (R&B) Department (PWD) etc. for shifting of over ground and underground utilities coming in the alignment of the sub-projects, the utilization account for ₹21.62 crore only had been obtained by the Agency leaving ₹62.75 crore unadjusted with these departments as of March 2013 as given in **Table-2.1.2.**

Table-2.1.2

(₹ in crore)

S. No	Year	Advance unadjusted at the beginning of the year	Amount advanced during the year	Utilisation account obtained	Advance unadjusted at the end of the year
1	2008-09	9.36	25.58	7.20	27.74
2	2009-10	27.74	17.77	2.28	43.23
3	2010-11	43.23	17.09	3.83	56.49
4	2011-12	56.49	10.48	6.54	60.43
5	2012-13	60.43	4.09	1.77	62.75
	Total		**75.01**	**21.62**	

Audit further noticed that ₹24.07crore had been advanced without obtaining detailed estimates from these departments. Similarly, against the amount of ₹58.46 crore advanced under another project Jammu and Kashmir Urban Sector Development Investment Programme 'JKUSDIP' (loan II) for shifting of utilities, consultancy services, etc. during the period 2010-13, ₹14 lakh only had been adjusted and ₹58.32 crore had remained unadjusted as of March 2013. The Director Finance confirmed (July 2013) that utilization certificates were awaited from these Departments.

(ii) The terms of the loan agreement stipulate that the State Government and ERA shall ensure to the extent possible that sub-projects shall not require land acquisition or involuntary resettlement and if land acquisition and/ or involuntary resettlement are required for any sub-project including a prepared sub-projects the Central/ State

Government and ERA shall ensure that the applicable PIU's shall prepare a Resettlement Plan for that sub-project acceptable to ADB in accordance with applicable laws and regulations of the State. Further, rights of way and other land related rights required for the sub-projects are acquired or otherwise made available to the concerned PIU.

Audit found that the Agency had received ₹12 crore during 2008-09 to 2011-12 (January 2012) as counterpart funds for acquisition of land out of which ₹9.71 crore had been advanced to the Collectors of Land acquisition, Forest, Irrigation and Flood Control Departments for acquisition of State/ forest/ private land and shifting of utilities. The disbursement account of ₹6.39 crore only had been received from these agencies leaving ₹3.32 crore unutilized with them as of March 2013. During exit conference it was stated that utilization of remaining amount pending as of December 2013 with line departments would be obtained shortly.

2.1.6.2 Loss of interest

The ADB agreed (December 2009) for placement of Second Generation Imprest Account (SGIA) in either current account or Savings Account with Cheque facility and utilization of interest if any earned from the account for projects. Audit observed (July 2013) that the Agency had kept funds in Current Bank Account since 2005-06. Non-placement of loan funds in the savings account during the period from January 2010 to March 2013 resulted in loss of interest by at least ₹14.50 crore reckoned at Savings Bank interest rate. The CEO during exit conference stated (December 2013) that policy for investment of surplus funds had been adopted by opening interest bearing Saving Bank Accounts.

2.1.6.3 Non-levy of Labour Cess

According to the Jammu and Kashmir Building and Other Construction Workers Welfare Cess Act, 1996, the employer is required to collect cess at the rate not exceeding two *per cent* but not less than one *per cent* of the cost of the construction incurred by the employer and the cess collected is to be paid to the Cess Collector appointed by the State Government within thirty days of completion of construction or date of assessment. Audit noticed in selected sub-projects including other projects at marcro level that the Agency had made payments of ₹1299 crore to the contractors for the construction of 100 sub-projects during the period from 2007-08 to 2012-13. However, labour cess at the rate of one *per cent* had not been deducted from the bills of the contractors while making payments to them resulting in non-recovery of ₹12.99 crore. The CEO during exit conference stated that the Agency had initiated the recovery of cess from the contractors.

2.1.6.4 Management of society

The Society is fully funded and controlled by the State Government through the Governing Board existing presently with the sole purpose of executing the ADB assisted projects. No formal agreement has been signed between the Society and the

Government and it is manned by the officials borrowed from the State Government Departments as well as 98 directly recruited contractual employees in 16 cadres. Also, five consulting firms had been hired at a cost of ₹79.29 crore (under Multi-Sector Project of Infrastructure Rehabilitation project) to assist the Agency in project formulation and implementation.

As per clause 11 (a) of Memorandum of Association, the Board of Governors are required to meet once in every three months and at least four such meetings are to be held in every year. Audit observed that only 18 meetings against the requirement of 32 meetings had been held by the Board of Governors during the period upto 2012-13. The Director Finance stated that owing to busy schedule of the members the holding of meetings after three months was not possible. The audited annual accounts of the Society have been approved by the Governing Body upto the year 2011-12.

2.1.7 Contract and project management

ERA is entrusted to execute major infrastructure development projects in the State The projects cover three sectors Urban (water supply, drainage), Transport (roads and bridges) and Capacity Building (strengthening institutional capacities of the Project Executing Agencies/ Project Implementing Units). The audit findings noticed under these three sectors are discussed in the subsequent paragraphs.

2.1.7.1 Limited participation of bidders in contracts

Audit scrutiny (August 2013) of records showed that the Agency had allotted 125 contracts (Transport and Urban) for execution at a cost of ₹1346.37 crore during the period 2005-13. Out of these, 11 contracts for small-value bridges had been allotted on Force Account basis[4] to the Jammu and Kashmir Project Construction Company Limited (JKPCC), two contracts on nomination basis to non-Governmental Agencies and the remaining 112 contracts had been allotted for execution after following competitive bidding process. Of these, 38 contracts (34 *per cent*) had been allotted on single bid evaluation basis, 43 contracts (38 *per cent*) on two bids evaluation, 21 contracts (19 *per cent*) on three bids evaluation and 10 contracts (nine *per cent*) were allotted on more than three bids evaluation. This indicated limited competition in the award of contracts by ERA with concomitant impact on price discovery. The Chief Executive Officer (CEO) of ERA during exit conference stated that there is no restriction on award of contract even on single bid if the criteria of contracting are fulfilled. The reply needs to be seen in light of the fact that lack of competitiveness in tendering process has the potential of affecting the transparency in allotment of projects with consequent deprival of their actual cost discovery. The Agency should have thus laid more stress on ensuring competitiveness in award of contracts.

[4] Work ordered on a construction project without an existing agreement on its cost.

2.1.8 Transport Sector (roads and bridges)

2.1.8.1 Contracts to be assigned to JKPCC on nomination basis

ADB guidelines provided for smaller works costing upto ₹2.50 crore to be assigned to the Jammu and Kashmir Project Construction Corporation Limited (JKPCC). Out of 21 such bridge works, only 11 were assigned to JKPCC and completed successfully. Out of the remaining 10 bridge works carried out through local competitive bidding, only two works were completed as of March 2013 and one work was abandoned, other seven works were under execution with time overrun ranging from two years to 3 ½ years. For the 11 bridge works assigned to JKPCC on nomination basis, the cost offers were loaded by JKPCC with 25 *per cent* and 30 *per cent* overheads on cost of work as profit margin, as against 17 *per cent* charges internally approved by the JKPCC Board. It shows lack of coordination among stakeholders of the projects being executed by ERA. The Project Manager (T) stated (March 2013) that at no stage contract of JKPCC was received with 15 *per cent* overhead charges. The reply should be seen in light of the fact that the cost offers of these projects were loaded with overheads ranging between 25 *per cent* and 30 *per cent* of the cost of work instead of the approved 17 *per cent* charges (15 *per cent* corporation overheads plus 2 *per cent* work charge contingencies).

2.1.8.2 Inadequate control on sub-letting of contracts

(i) The sub-project for "Widening and Strengthening of Sidhra-Surinsar-Mansar Road" was allotted to a contractor at an estimated cost of ₹39.90 crore during November 2006 and was to be completed as of December 2008. It was seen in audit that the sub-project was sub-contracted to another contractor upto 50 *per cent* cost of the contract (permitted under contracting guideline of ERA). Besides, it was agreed between principal contractor and sub-contractor that all the key construction materials required for execution of the work shall be procured against the name of principle contractor for which a power of attorney was exercised in favour of sub-contractor. Thus, by sub-contracting 40 *per cent* labour part and exercising a power of attorney for 60 *per cent* material component, the whole of the contract was sub-letted. The principal contractor did not mobilize men and machinery but only participated in tendering process in order to obtain his percentage share of profit by exploiting the contract agreement conditions. The Director Finance stated (July 2013) that interpretation of contract has been challenged and counter claim of ₹16.52 crore had been submitted to Arbitration panel.

(ii) The work for execution of "Widening and strengthening of Doda-Bharat Road was allotted to a contractor at an estimated cost of ₹22.45 crore during October 2007, to be completed as of November 2009. The work was incomplete (March 2013) after incurring an expenditure of ₹17.44 crore due to inadequate mobilisation of manpower & machinery by the principal contractor. The contract was sub-contracted to another contractor up to 50 *per cent* cost of the contract (permitted under contracting guideline of ERA) with key activities like Earth work, Bridges, Cross Drainage Works which constituted only 22 *per cent* of the total cost of work. The principal contractor neither mobilized his men and machinery nor key professionals to the work site.

2.1.8.3 Closure of contract without completion of works

The contract of sub-Project "Providing and laying Bituminous Course to Goma Kargil Road" at Kargil was awarded to a contractor during July 2010 at cost of ₹203.95 lakh. The formal agreement was made during September 2010 and work was to be completed in four months from the date of commencement. Audit observed that the work was taken up by the contractor during October 2010 and completed during July 2012 at a cost of ₹122.65 lakh against the allotted cost of ₹203.95 lakh. The sub-project was stated (July 2013) by Project Manager (Transport) to have been completed despite non-execution of contracted BOQ items amounting to ₹81.30 lakh. The advertisement/ allotment of excess BOQ items vitiated the tendering process. The Project Manager (T) Kashmir stated (July 2013) that the sub-project was closed without executing balance 650 meter road length due to unexpected and unavoidable circumstances. The fact however remains that the sub-project had been closed by the Agency without ensuring execution of remaining BOQ items of work valuing ₹81.30 lakh by the contractor.

2.1.8.4 Termination of works

Clause 2.1 of the conditions of contract for construction issued by International Federation of Consulting Engineers (FIDIC) provide that the employer shall give the contractor right of access to and possession of all parts of the site within time. Audit noticed that six sub-projects allotted during the period 2007-08 and 2008-09 for execution at a cost of ₹53.15 crore could not be completed (March 2013) within the targeted date by the Agency due to non-acquisition of encumbrance free land, clearance of the Forest Department, shifting of utilities etc and the work on these sub-projects had been terminated by the Agency midway after incurring an expenditure of ₹23.11 crore during the period from 2007-08 to 2012-13 as detailed in **Table-2.1.3.**

Table-2.1.3

S. No	Name of the work allotted to the contractor	Date of Commencement of work	Date of termination	Allotted cost (₹ in crore)	Expenditure (₹ in crore)	Remarks
1.	Strengthening and Widening of Bani Dhagger Road	12-04-2007	9-12-2011	8.51	1.90	Forest clearance in Km 2 to Km 3
2.	Strengthening and Widening of "Sakhi Maidan Kalai	12-04-2007	24-02-2009	18.99	0.55	Forest land/acquisition was identified after design of road
3.	2X30 Mtr. Span Bridge over Romshi Nallah at Bonchak Pulwama	25-05-2008	29-10-2010	2.21	0.85	Non acquisition of land for left side approach
4.	Improvement & Upgradation of 13.525 KM Thajiwara Khunduru Shangus Road Brakpora Magraypora Kangan Hall Road	23-01-2007	11-12-2010	6.76	5.48	Non shifting of utility, non-acquisition of land and non-removal of structures
5.	Improvement & Upgradation of Jehangir Chowk-SKIMS Road and Batmaloo –Tengpora Road	31-01-2007	13-05-2011	12.91	13.73	Encumbrance free site and Non acquisition of land
6.	Construction of Urbis Bridge	02-01-2009	18-01-2013	3.77	0.60	Due to change of site
	Total			**53.15**	**23.11**	

Audit further noticed that four sub-projects (S. Nos. 1, 3, 4 & 5) out of these projects had been handed over to the State Public Works (R&B) Department for further execution. The work of sub-project (construction of Uribis Bridge - S.No.6) had neither been re-tendered nor handed over to line department whereas the work of sub-project 'Strengthening and Widening of *Sakhi Maidan Kalai*' (S. No. 2) had been bifurcated for execution in two lots viz (i) Widening and permanent works to be executed by ERA (ii) Pavement and Macadamization work to be executed by the State Public Works (R&B) Department. Thus due to non-providing of right of access by the employer the work on the sub-projects could not be completed. The Agency contended that the works could not be completed due to the reasons of land acquisition etc., showing that it had not ensured right of access and possession of site in full to the contractors within time for smooth execution of work of the sub-projects.

2.1.9 Urban (water supply and drainage) sector

2.1.9.1 Improper evaluation of bids

As per Clause 2.32 (i) of the Bid evaluation and Reporting, a bid is considered unbalanced if the unit rates are substantially higher, in relation to the estimate and the rates quoted by other bidders, for the items of work to be performed early in the contract or for under estimated quantities of certain items of work. The work relating to providing, laying, testing and commissioning of sewerage network of three sub-projects under phase II at Jammu was allotted to a contractor at a cost of ₹117.08 crore. Audit noticed that the contractor had submitted different rates for execution of similar items of work for these three sub-projects when the topography and general urbanisation pattern and engineers estimates of these sub-projects were similar. Although bids of these sub-projects were evaluated by the bid evaluation committee on the same day, yet it failed to detect variation in the similar items of work resuiting in allotment of work at an extra cost of ₹15.63 crore as detailed in ***Appendix-2.1***. After this was pointed out in audit, the Director Central stated that the assessment of individual items was done during evaluation of bids but the reasonability in totality was considered for allotment of works. Thus non-comparison of rates by the Bid evaluation Committee for similar items of work in three sub-projects resulted in allotment of works at an extra cost of ₹15.63 crore.

Audit scrutiny further showed that the bids for 'Replacement of worn-out pipes and Strengthening of Distribution Network (Phase-I)' under Loan-I were invited during August 2007 and the bids for "Replacement of worn-out pipes and Strengthening of Distribution Network (Phase-II)" were invited in October 2007. The work on sub-projects after evaluation of bids was allotted to two contractors simultaneously by the Agency. A comparison of cost of estimates of similar bill of quantity items of both sub-projects showed that the rates accepted by the agency were at variance and the difference in two sets of estimates was in the range between six *per cent* and 138 *per cent* resulting in allotment of work at higher cost of ₹3.93 crore.

2.1.9.2 Allotment of contract on single tender basis

The tenders for the work relating to implementation of sewerage network in the area falling under Phase-II (Division 'A') of Greater Jammu (three contracts[5]) were invited during December 2007. In response thereto only two bids were received in May 2008 from two[6] contractors (A&B) for all the three contracts. Upon evaluating bids it was noticed that price quoted by the contractor 'B' for all the three contracts was lower than the price quoted by other contractor 'A' and was also technically responsive for all the three contracts in standalone condition. The case had been discussed (October 2008) by the Director (Finance) of ERA with the contract specialist and opinion of ADB in the case was sought, which suggested (October 2008) to award one contract (WW-3) to contractor 'B' at a cost of ₹37.96 crore offered by the contractor and rebid other two contracts. Audit noticed (June 2013) that the Agency neither awarded the contract till January 2009 to the firm nor re-tendered other two contracts. These three contracts were finally re-tendered (September 2009) and the contract (package WW-3) was allotted to contractor 'C[7]' at a cost of ₹47.25 crore on the basis of single bid evaluation. This had resulted in allotment of contract at an excess cost of ₹9.29 crore. After this was pointed out in audit the Director (Central) ERA stated (June 2013) that work was not allotted to the contractor due to the fact that the copy of letter addressed to the Country Director of ADB by the then Director (Urban) of the ERA was also endorsed to the contractor resulting in violation of confidentiality conditions of procurement. As a result of this, the ADB had termed the evaluation as mis-procurement and decided not to provide funds for this sub-project. Thus breach of confidentiality conditions of the contract by the ERA resulted in terming its evaluation as mis-procurement by the ADB and consequent re-allotment of contract at an extra cost of ₹9.29 crore.

2.1.9.3 Change in scope of works after award of contract

(i) Audit noticed that scope of three sub-projects had been revised after allotment of contracts by the Agency as a result of which there had been huge variation between quantities of work allotted and actual quantities of work executed as indicated in **Table-2.1.4.**

5 WW-01,WW-02 and WW-03

6 (A) M/s SPML-ABCI (IV) (B) M/S Ramky-C&C-SE (JV)

7 (C) M/s Trans Tech Turnkey Private Limited

Table-2.1.4

Name of Work	Items of the works	Length as per BOQ (KM)	Revised Scope of work (length in KM)	Variation in work (length in KM)	Increase (+)/ decrease (-) percentage.
Laying of main sewer line (W.W.01)	RCC pipe	47.71 Km	7.30 Km	(-) 40.41 Km	(-) 84.70
	HDPE pipe	12.62 Km	13.10 Km	(+) 0.48 KM	(+) 3.80
Laying of pipes for house connections (W.W.01)	HDPE pipe	10.60 KM	6.80 Km	(-) 3.80 Km	(-) 35.85
	PVC pipe	10.00 KM	8.0 Km	(-) 2.0 Km	(-) 20
	Man holes	1157 No.	1020 No.	(-) 137 No.	(-) 11. 84
	Inspection chambers	4100 No.	3152 No.	(-) 948 No.	(-) 23.12
	Hydro testing	60.33 Km	20.4 Km	(-) 39.93 Km	(-) 66.19
	Commissioning & handing over	60.33 Km	20.4 Km	(-) 39.93 Km	(-) 66.19
Laying of main sewer line (W.W.02)	RCC pipe	54.37 km	6.30 Km	(-) 48.07 Km	(-) 88.41
	HDPE pipe	12.62 Km	58.65 Km	(+) 46.03 Km	(+) 364.74
Laying of pipes for house connections (W.W.02)	HDPE pipe	10.60 Km	33.50 Km	(+) 22.90 Km	(+) 216.03
	PVC pipe	10.00 Km	34.00 Km	(+) 24.00 Km	(+) 240
	Man holes	1157 No.	3158 No.	(+) 2001 No.	(+) 172.95
	Inspection chambers	4100 No.	11767 No.	(+) 7667 No.	(+) 187
	Hydro testing	66.99 Km	64.95 Km	(-) 2.04 Km	(-) 3.05
	Commissioning & handing over	66.99 Km	64.95 Km	(-) 2.04 Km	(-) 3.05
Laying of main sewer line (W.W.03)	RCC pipe	47.71 km	21.13 Km	(-) 26.58 Km	(-) 55.71
	HDPE pipe	12.62 Km	39.65 Km	(+) 27.03Km	(+) 214.18
Laying of pipes for house connections (W.W.03)	HDPE pipe	10.60 Km	38.55 Km	(+) 27.95Km	(+) 263.68
	PVC pipe	10.00 Km	28.03 Km	(+) 18.03Km	(+) 180.30
	Man holes	1157 No.	2813 No.	(+) 1656 No	(+) 143.13
	Inspection chambers	4100 No.	13012 No.	(+) 8912No	(+) 217.37
	Hydro testing	66.33 Km	60.78 Km	(-) 5.55 Km	(-) 8.37
	Commissioning & handing over	66.33 Km	60.78 Km	(-) 5.55 Km	(-) 8.37

From the above it is seen that variation between allotted bill of quantities and revised bill of quantities in these three sub-projects was in the range of 88 *per cent* decrease to 365 *per cent* increase in scope of works.

(ii) Audit further noticed that Reinforced Cement Concrete (RCC) pipes had been replaced with High-density Polyethylene (HDPE) pipes after allotment of works of these sub-projects at an extra cost of ₹1.77 crore without assigning any reasons. This indicated that the Agency had not conducted proper survey and that the quality/ quantities of work advertised had not been ascertained correctly before the allotment of work. After this was pointed out in audit, the Agency stated that due to passing of deep drain through the area without habitations, the number of house connections and length of sewer line was reduced and replacement of RCC pipe by HDPE pipe was intended for easy handling and early completion of the work. The fact remains that the contracts were tendered out without proper survey and material changes were made after award of contract. Audit also noticed that against the requirement of minimum size of 200 mm diameter for main sewer line and 150 mm diameter for house service connection recommended by the line Department and Central Public Health and Environmental Engineering Organization (CPHEEO), the ERA had adopted the use of 160 mm diameter HDPE pipe as minimum size of main sewer line and 110 mm diameter HDPE pipe for house service connection. During exit conference the CEO stated that replacement of RCC pipes by HDPE pipes was to enhance the progress of work. The reply was not appropriate as the departure from laid down standards has every apprehension of choking the laid down sewerage network and denial of envisaged benefits of the project to intended beneficiaries.

2.1.9.4 Reasonability of rates in procurement of electrical stores

A memorandum of understanding (MOU) executed (November 2009) between the ERA and State Power Development Department (PDD) for execution of the works for installation and commissioning of dedicated feeders and 33/11 KV receiving stations at PHE installations of Jammu city provide for installation, testing and commissioning of dedicated electric feeders and installation of receiving stations by the PDD. The key material and equipment was required to be supplied by ERA as per technical specification followed by the PDD.

For supply of electrical material and equipment, six contracts were awarded during 3rd quarter of 2010-11 costing ₹16.84 crore and supplies received within a year. A comparison of rates at which the items were procured by ERA with that procured by the Power Development Department showed that the agency had paid extra cost of ₹3.21 crore over and above the issue rates of the Electric Central Stores division, Jammu. On this being pointed out in Audit, the Project Manager (U) stated that ERA had purchased the material through National Competitive Bidding as per the guidelines of Asian Development Bank which has its own system of technical checks/ specifications and that the contracts have been awarded to those who qualified technically and offered the lowest rates as per the Procurement Guidelines of ADB. However the Agency had not ascertained rates of these items from the main procurement agency of the State which could have been a benchmark for reasonability of rates. Further, electrical material costing ₹1.34 crore was lying (March 2013) in Electric Central Store, Jammu. An amount of ₹43.91 lakh, including insurance of ERA material worth ₹4.79 lakh received in PDD stores has been paid on account of store handling. This has resulted in payment of dual store handling in contravention to MOU entered with the PDD.

2.1.9.5 Blockade of funds

(i) To rehabilitate infrastructure in the State, a sub-project for "Replacement of worn-out pipes and strengthening of distribution network phase II" in Jammu city involving pipeline length of 87.73 Km allotted (April 2008) to a contractor at a cost of ₹32.42 crore was completed by March 2011. Audit scrutiny of records (May 2013) showed that pipe length of 6.37 Km laid in Langer and Ambica colonies at a cost of ₹2.47 crore had not been commissioned as of September 2013 due to abandonment of construction work of overhead tank at Langer by the ERA rendering the expenditure unfruitful. On being pointed out in audit, the Project Manager (U) ERA stated (September 2013) that pipe line stands tested and handed over to the line department for which department is constructing a tube well in the vicinity and after its completion the pipe line would be put to optimum use. This indicated that proper survey had not been conducted by the Agency to include all the vital components of the project before taking up execution of work.

(ii) The work relating to design and construction of 12 Over Head Tanks (OHTs) and four Ground Level Service Reservoirs (GLSRs) and allied works at Jammu city (East Lot-3) was allotted to a contractor on turnkey basis at a cost of ₹9.08 crore under loan I of the Project. Audit noticed that the work had been allotted without conducting verification of sites and without ensuring availability of encumbrance free land for the sub-project as a result of this the sites for the execution of work had been changed by the Agency. However, it was noticed that the Agency had incurred an expenditure of ₹22.80 lakh on account of design/ drawing/ documentation of the original sites of the sub-project. Thus due to identification of improper sites and awarding of works without ensuring availability of encumbrance free land resulted in blockade of funds of ₹22.80 lakh. The project Manager (U) stated (July 2013) that the sites were identified and given by PHE Department for construction of GLSRs/OHTs and were got tested for soil bearing capacity and at no point of time any objection was raised by any party. It was only after construction activities were undertaken, there was resentment from local public and due to court stay the sites had to be shifted.

2.1.9.6 Poor performance of tube wells

The construction of 22 tube wells under Jammu (East) Water Rehabilitation Programme (Urban sector) was allotted (May 2006) to a contractor at a cost of ₹10.98 crore. Audit noticed that 19 tube wells had been made functional and handed over to the line department whereas the construction on remaining three tube wells had been abandoned after incurring an expenditure of ₹79.90 lakh due to non-yielding of water indicating that the execution of these tube wells had been made by the Agency without conducting proper survey and soil study of the site rendering expenditure of ₹79.90 lakh thereon as wasteful. Audit further noticed that discharge of water in six handed over tube wells was considerably low and were not performing up to the desired level. The Project Manager (U) stated (July 2013) that the tube wells were abandoned due to the reasons that enough aquifer was not encountered during drilling and that the reduction in discharge of water was due to depletion of ground water level. This confirms the fact that Agency had not conducted adequate surveys and that the guidance of the Central Ground Water Board had not been sought before execution of such type of works.

2.1.10 Other related issues

2.1.10.1 Cost and time overrun of sub-projects

The completion of projects in a time bound manner and within the estimated cost is an essence of the contract system. Audit check of records showed that 30 sub-projects had been completed at a cost of ₹611 crore against an estimated sanctioned cost of ₹569.55 crore leading to cost overrun of ₹41.45 crore and ranged between 0.71 *per cent* and 15.72 *per cent* of the estimated cost. The cost overrun in six sub-projects was more than 10 *per cent* of the estimated cost of these projects. Audit further noticed that time overrun in 93 sub-projects was in the range of one month and four years.

The Project Manager (T) stated (April 2013) that the main reason for cost overrun were local disputes, delay in acquisition/ forest compensation and delay on the part of contractors. The reply is not appropriate as acquisition of land was to be ensured by the Agency before allotment of works. During exit conference the CEO stated that efforts are being made for early completion of sub-projects.

2.1.10.2 Grant of mobilization advance

Clause 14.2 of the FIDIC contract conditions stipulate that interest free mobilization advance be provided after receipt of guarantee from the contractor. The number and timing of installment should be recorded in the contract data of the contractor.

Audit noticed that the Agency had made interest-free mobilization advances to the tune of ₹37.02 crore to the contractors during the period from 2007-08 to 2008-09 without fixing any time bound mode of recovery. Out of ₹37.02 crore the Agency had recovered ₹29.20 crore leaving ₹7.82 crore with the contractors as of March 2013. Non-formulation of mechanism by the Agency for time bound recovery of advances resulted in undue retention of money for a period of over four years with the contractors. The Principal Secretary during exit conference stated that need to assess the quantum of mobilization advances and fixed schedule of recovery would be stressed upon even though contracting norms allow interest free advances.

2.1.10.3 Short acceptance of security amount

According to clause 4.2 of the general condition of International Federation of Consulting Engineers (FIDIC) the employer shall obtain performance security for the amount stated in the contract. Whenever addition or reduction of the contract price exceeds 25 *per cent*, the employer is required to obtain performance security for the additional cost of contract price from the contractor. Audit noticed that allotted cost of 38 sub-projects had been enhanced from ₹543.74 crore to ₹787.64 crore. However, against the performance security of ₹ 50.85 crore, the Agency had obtained performance security of ₹36.15 crore only resulting in short recovery of ₹14.70 crore. The Director Finance stated (July 2013) that the Agency is treating the defect liability period (DLP) from the date of completion of entire work and because of these reasons the Agency is neither releasing the part performance security nor asking for additional performance security due to variation. The reply is not appropriate as the Agency was required to obtain the requisite performance security for the additional cost of contract price as per the FIDIC contract conditions.

2.1.11 Internal control systems

Audit observed that there were no formal rules of procedure delineating areas of accountability through proper delegation of technical, administrative and financial powers. The Agency has no system of project/ contract appraisal, where any individual functionary of the Society or the Government or any committee approves/ accords formal, documented technical and financial sanction for the scope of work included in any project/ contract. Deficiencies noticed in the internal control system for implementation of projects by the Agency have been pointed out in previous paragraphs. During exit conference the Principal Secretary assured to look into the matter.

2.1.12 Conclusion

The Agency which was established with an objective to promote the economic, financial and social development of the Jammu and Kashmir State by implementing externally aided project including long term capacity building plan, achieved its objectives partially. It has not prioritized its operations as is evident from unplanned execution and allotment of works resulting into cost over-run and time over-run and abandonment of works midway. Besides, improper tendering leading to allotment of sub-projects at higher cost and extra avoidable cost including departure from laid down standards resulted in unfruitful, idle and recoverable expenditure. Lack of financial control leading to loss of interest, delay in releases, non-obtaining of utilization certificates, disbursement accounts and non-levy of labour cess was also noticed.

2.1.13 Recommendations

The Agency may consider to ensure:

- provision of encumbrance free land/ sites before award of contract;
- competitiveness in the award of contracts and timely completion of project works;
- better fund management through "Sweep-in Institutional Saving Bank Account"; and
- improvement in internal control on benchmarking of costs and prices and responsibility of particular stakeholders.

The audit findings were referred to the Government in December 2013. The reply had not been received (January 2014).

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.2 National Rural Drinking Water Programme

The prime objective of the National Rural Drinking Water Programme is to ensur drinking water security to every rural household. The main components of the programme are coverage of uncovered/ partially covered areas, sustainability of sources and systems, operation & maintenance of schemes, water quality and support activities. Some important findings of the audit are as under:

Highlights

- **As against target of covering 5,045 habitations, only 2,992 habitations (59 *per cent*) were covered during the period 2009-13. Besides, 1,003 habitations which had already 100 *per cent* coverage were again covered during the said period.**

(Paragraph: 2.2.9.1)

- **Out of 2,107 water supply schemes (including 971 schemes of ARWSP) taken up for execution during the period 2009-13, total of 702 schemes had been completed leaving 1,405 (including 445 schemes of ARWSP) schemes incomplete as of March 2013.**

(Paragraph: 2.2.9.2)

- **Against target of testing of 33,470 water samples during the period 2011-13, only 24,648 water samples were tested.**

(Paragraphs: 2.2.12.1)

- **Department had not attempted convergence of the programme with other programmes such as carrying out water quality tests under NRHM and for execution of the schemes by utilizing the services of labour under MGNREGS.**

(Paragraph: 2.2.16)

2.2.1 Introduction

Accelerated Rural Water Supply Programme (ARWSP) launched on all-India basis in 1972-73 is one of the six programmes of "*Bharat Nirman*" launched by the Union Government in 2005-06 aimed at provision of rural infrastructure and minimum basic amenities. The scheme was renamed as "National Rural Drinking Water Programme" (NRDWP) with effect from 01 April 2009. The prime objectives of the programme are ensuring drinking water security to every rural household by utilizing multiple sources of water, ensuring the sustainability of the system, institutionalization of water quality programme through community participation, creation of awareness among masses, training of manpower and ensuring transparency in implementation through online Management Information System (MIS). The main components of the programme are coverage of uncovered/ partially covered areas; sustainability of sources and systems; operation & maintenance of schemes, water quality and support activities (including other activities like Human Resource Development (HRD)/ Information Education Communication (IEC)/ Management information System (MIS)/ Research and Development (R&D)/ Water Quality Monitoring and Surveillance Programme (WQMSP) etc.).

2.2.2 Organizational set-up

The programme guidelines provide for creation/ establishment of various institutions like State Water and Sanitation Mission (SWSM), State Level Scheme Sanctioning Committee (SLSSC), State Technical Agency (STA) and Water and Sanitation Support Organization (WSSO) for implementation of the programme. In the State, the programme is implemented by the Public Health Engineering Department headed by Commissioner-Secretary to Government who acts as member Secretary SWSM, supported at provincial level by the Chief Engineers who act as member SWSM. The execution part is carried out by the Executive Engineers as heads of various Public Health Engineering (PHE) divisions. The organizational set-up of the Department is given in ***Appendix-2.2.***

2.2.3 Audit scope and methodology

The implementation of the programme in the State for the period from 2009-10 to 2012-13 was reviewed in audit by test check of records of the Commissioner-Secretary, two Chief Engineers (Jammu as well as Kashmir) of the PHE Department and 15[8] out of 36 PHE divisions selected on the basis of simple random sampling without replacement method between October 2012 and May 2013. The Audit also examined the records relating to the programme implementation of four supporting divisions viz., two Mechanical Procurement Divisions (Jammu and Srinagar) and two Ground Water Drilling Divisions (Jammu and Srinagar).

An entry conference was held with the Commissioner-Secretary to Government PHE, Irrigation and Flood Control Department on 15 March 2013 by the Principal Accountant General wherein the objectives, scope, criteria and methodology of audit were discussed. Despite, giving an opportunity to hold the exit conference from November to December 2013, the Department could not turn up for discussion.

2.2.4 Audit objectives

The audit objective was to ascertain whether:

- Planning process was efficient;
- Financial management was efficient;
- Implementation of schemes was efficient, effective and economical; and
- Monitoring mechanism and internal control system was in place and was effective.

---

[8] PHE Divisions: Shopian, Qazigund, Baramulla, Handwara, Kupwara, Bijbehara, Bandipora, Akhnoor, Doda, Nowshera, Rural Jammu, City-I Jammu, City-II Jammu, Poonch and Samba

2.2.5 Audit criteria

The implementation of programme in the State was evaluated against the following audit criteria:

- Guidelines for implementation of the programme;
- Manuals on sustainability, water quality and surveillance besides operation and maintenance;
- Handbook on water treatment technologies;
- National water policy 2002;
- J&K Financial code and Book of Financial powers;
- Project Reports and project/ Action plans for rural water supply schemes.

2.2.6 Preparation of Comprehensive plans

(i) The programme guidelines provide for preparation of Village Water Security Plan (VWSP), which *inter alia*, has to include the demographic, physical features, water sources, available drinking water infrastructure and other details of the village. The VWSPs of the districts were to be consolidated at the district level and thus would have formed the basis for formulation of District Water Security Plans (DWSPs). Under the DWSP, all in-village work was to be carried out by the Gram Panchayat or its sub-committee i.e. VWSC.

Audit noticed that neither any VWSPs were prepared nor any details regarding location/ design of all water sources, existing sustainability structures, water yield and pre and post monsoon static water levels etc; essential for framing the schemes been collected. Consequently, DWSPs had not been formulated in any of the districts in the State (March 2013). The non-formulation of VWSPs and DWSPs defeated the main objective of decentralized planning of the programme. In reply the Department stated that since elections to Zilla/Block Parishads had not been conducted, the district level DWSMs were not established.

(ii) The programme guidelines further provide for preparation of annual Comprehensive Water Security Action Plans (CWSAPs) to *inter alia* include broad directions/ thrust and tangible targets planned to be achieved in the financial year. In order to implement the scheme, the State Government was required to prepare the specific framework and based on this framework, the State level planning for taking up water supply schemes for the 11th Plan Period (2007-12) was to be prepared. Audit observed that no State Sector framework was prepared nor had any five year rolling plans been formulated.

The Department stated (January 2013) that no five year rolling plan had been prepared and instead annual action plans for each year had been prepared.

2.2.7 Institutional set up under the programme

2.2.7.1 State Water and Sanitation Mission

The programme guidelines provide for setting up of a State level State Water and Sanitation Mission (SWSM) to be registered as a Society under the aegis of PHE Department with the objective of achieving coordination and convergence with various other State Departments dealing with rural and school sanitation. The SWSM is to be headed by the Chief Secretary. The State Government constituted SWSM in December 2003 with six[9] Secretaries of six separate Departments as its member headed by the State Chief Secretary which had no representation from other Departments of Agriculture, Information and Public Relations, Women and Child Development etc. The Mission was required to hold meetings on a quarterly basis, and it was observed that against a minimum of 16 meetings required to be held during the period 2009-13, the SWSM conducted only four meetings during the period.

2.2.7.2 State Level Scheme Sanctioning Committee

The guidelines provided for setting up of a State level scheme sanctioning committee (SLSSC) at the State level and all the rural water supply (RWS) projects/ schemes and support activities under the programme to be taken up by the State Government are to be approved by this committee. Audit examination of records showed that the SLSSC was formed in June 2009 with only eight members out of which six members were from the PHE Department and one member each from the Joint Development Commissioner (Works) and Regional Director Central Ground Water Board (CGWB). During the period from April 2009 to March 2013, 1,452 RWS schemes were taken up for execution at an estimated cost of ₹1,866.24 crore without obtaining sanction from SLSSC and an expenditure of ₹457.02 crore had been incurred on these schemes as of March-2013. Further, against a minimum of eight meetings required to be held during the period 2009-13, only one meeting of the SLSSC was held (October 2010) during the same period. Audit further noticed that the mechanism for sanction of new RWS schemes and review of the existing schemes as envisaged in the programme guidelines had not been adopted by the Department. The SLSSC cleared project proposals based on lists of projects put up during meeting without having a mechanism to scrutinize the Detailed Project Report of each project. The approvals to individual project or even lists of projects were not documented to assure that each project stated to have been approved by SLSSC was indeed appraised, discussed and approved by SLSSC.

2.2.7.3 State Technical Agency

The State Technical Agency (STA) was to assist in planning and designing sound and cost-effective Rural Water Supply (RWS) schemes with special emphasis on sustainability of the source and to assist in preparation of action plan for both software as well as hardware activities. The Agency is to be involved in preparation, scrutiny

[9] Planning and Development Department, Finance Department, Rural Development Department, PH&IFC Department, Health and Medical Education Department and School Education Department.

and vetting of the Detailed Project Reports (DPRs) of water supply schemes. Audit noticed that STA had not been constituted in the State by the Government as a result the mechanism for technical assistance to the Department for implementation of the programme in the State as envisaged in the guidelines had not been adopted.

2.2.7.4 State Water and Sanitation Support Organization

As per the programme guidelines the State Government has to set up Water and Sanitation Support Organization (WSSO) under State Water and Sanitation Mission (SWSM) to deal with National Rural Water Quality Management and Surveillance (NRWQM&S), MIS/ Computerization project, M&E and IEC&HRD (CCDU), R&D, etc., for which 100 *per cent* funds are provided (as support funds) by the GOI. The WSSO is to act as a facilitating agency and function as a bridge between the Department and the Community Organizations, assisting the Panchayati Raj Institutions (PRIs) and VWSCs to prepare water security plan and to plan, implement and maintain Rural Water Supply (RWS) projects/schemes based on the water security plan. The WSSO is to include one Director, one State Coordinator, Accountant, consultants and data entry operators. Audit check of records showed that WSSO constituted in January 2010 comprised of Chairman (Secretary PHE Department) and nine members drawn from PHE Department. There was nothing on record to suggest that the organization had functioned as a facilitating agency and assisted in preparation of water security plan or had acted in any manner in the planning, implementation and maintenance of RWS projects/ schemes in the State.

2.2.7.5 District Water and Sanitation Mission

The guidelines provide for constitution of a District Water and Sanitation Mission (DWSM) at the district level to analyze and consolidate the village water security plans at the district level. Further, on the basis of the village water security plans a district based water security plan was to be prepared for implementation. Besides, convergence of various other related programmes[10] and funding was also to be ensured at the district level. Audit noticed that DWSMs had not been established at the district level in the State as a result the water security plans were not formulated for implementation of the programme and the convergence of programme with other related schemes could not be ensured. The Department stated (January 2013) that DWSMs could not be established as the elections of Zilla/ Block Parishads had not been conducted in the State.

2.2.7.6 Village Water and Sanitation Committee

A Village Water and Sanitation Committee (VWSC) is to be set up as a standing committee in each *Gram Panchayat* for planning, monitoring, implementation and operation and maintenance of their Water Supply Schemes to ensure active

[10] MGNREGS, Integrated Watershed Management projects of Department of Land Resources, Ministry of Rural Development, Central and State Finance Commission funds, NRHM, various Watershed and Irrigation schemes of the Ministry of Agriculture, various schemes of the Ministry of Water Resources etc.

participation of the villagers. It was observed that VWSC had not been put in place in any of the *Gram Panchayats* of the State (March 2013).

2.2.8 Financial Management

The programme is funded by the GOI and the State Government in the ratio of 90:10 respectively for the components viz coverage of the programme, operation and maintenance, and for tackling water quality problems. The components like sustainability and different support activities of the programme are fully funded by the GOI. The GOI released funds under the programme directly to the Member Secretary, State Water and Sanitation Mission (SWSM) for further releases to the respective Chief Engineers, PHE Department Jammu as well as Kashmir. Besides the State share (in excess of 10 *per cent*) was also allocated under the programme by the State Government. The position of funds received from the GOI as well as State Government and expenditure incurred thereagainst during the years from 2009-10 to 2012-13 is given in **Table-2.2.1**.

Table-2.2.1

(₹ in crore)

Year	Funds available				Expenditure		Closing balance of GOI funds
	Opening balance of Central funds	Funds received from GOI	Interest accrued on saving account of SWSM	Funds allocated by the State Government	GOI funds	State funds	
2009-10	239.59	402.51	1.25	88.63	382.72	81.50	260.63
2010-11	260.63	468.91	6.40	53.75	513.83	36.98	222.11
2011-12	222.11	420.42	0.97	89.23	492.68	76.46	150.82
2012-13	150.82	474.50	0.00	51.20	488.09	45.40	137.23
Total		**1,766.34**	**8.62**	**282.81**	**1,877.32**	**240.34**	

The GOI released ₹1,766.34 crore (95 *per cent*) of its total allocation (₹1,862.09 crore) during the period 2009-13. The short release of funds by the GOI to the tune of ₹95.75 crore was mainly due to late submission of proposal for release of second instalment of funds and carry-over of funds in the next financial years by more than 10 *per cent* of the total amount released during the years 2009-10 and 2011-12. The unspent balance initially was ₹ 260.63 crore in 2009-10 which gradually decreased to ₹137.23 crore during 2012-13.

2.2.8.1 Delay in releases of funds

As per the programme guidelines the SWSM has to release the entire amount of central allocation received along with the matching State share to the DWSM for onward transfer to the executing divisions without any delay and in no case later than 15 days after its receipt. Audit noticed that delay in release of funds from SWSM to the Chief Engineers ranged between five and 338 days and from the Chief Engineer's to the executing divisions between five and 916 days during the years from 2009-10 to 2012-13.

2.2.8.2 Non-availing of incentive funds

The programme guidelines provide for 10 *per cent* weightage in allocation of funds to States for management, operation and maintenance of the rural drinking water supply schemes by the Gram Panchayat/ rural population for encouraging the States to bring in reforms and decentralize the rural drinking water supply sector. Audit examination of records showed that the State Government had not availed the incentive fund to the tune of ₹89.50 crore (10 *per cent* of total funds released by the GOI during 2011-13) as RWS schemes completed under the programme had not been transferred to the PRI institutions/rural population in the State. The Department stated (January 2013) that no incentive funds were claimed as PRIs were not in place. The PRIs had become functional in the State in May-June 2011.

2.2.8.3 Diversion of funds

Audit check of records showed that an expenditure of ₹12.29 crore was booked during the period 2009-13 on items which were outside the scope of the programme viz maintenance and repair works (₹5.81 crore), purchase of hard coke, hiring private vehicles, POL, stationery etc. (₹4.91 crore) and construction of office building (*Jal Bhawan* at Jammu: ₹1.57 crore) out of coverage funds which was irregular.

The concerned Executive Engineers of test checked Divisions stated that the expenditure was incurred for smooth implementation of the programme as per the instructions of higher authorities and for construction of *Jal Bhawan* at Jammu. The action of the department, however, was contra to programme guidelines which prohibit diversion outside the scope of programme.

2.2.8.4 Excess payment

Audit check of records of PHE Division Shopian showed excess payment of ₹12 lakh on two works relating to "Providing/ Fixing of 150 mm dia doubled flanged M.S. Pipe for Raw Water Main RD: 1400-1750 Mtrs" and "laying and fitting of pipes including overhauling of existing network" of water supply scheme, Gulshanabad during October 2011 and November 2012 to the contractor. After this was pointed out (February 2013) in audit the EE PHE Division Shopian recovered ₹12 lakh from the contractor in March 2013.

2.2.8.5 Loss of Interest

Programme guidelines envisage that funds were to be parked in saving accounts and in no case the funds were to be kept under deposit head or current account as it would entail loss of interest to the programme fund. Audit noticed that against actual interest of ₹9.90 crore accruable to the programme fund (saving bank) account of Member Secretary SWSM during the period 2009-13 an interest of ₹8.62 crore was reported accrued by the Department resulting in variation to the tune of ₹1.28 crore which was not explained to audit by the Department (September 2013). Similarly, State Water Sanitation Mission had not exercised any control over the interest accrued to the programme fund maintained by the Chief Engineers and the executing divisions as the details of interest earned by these authorities were not available with them. Audit observed that ₹9.58 crore was earned on account of interest on the programme funds by both the Chief Engineers and the executing divisions during the period 2009-13. The Chief Engineer PHE Department Kashmir without the approval of the Member

Secretary SWSM authorized the executing divisions to utilize ₹3.35 crore during the year 2011-12. Further, it was noticed that in nine divisions the funds had been deposited in the non-interest bearing current Bank accounts and in the Civil deposit (MH: "8443") head of the Government account. This had resulted in interest loss of ₹44.75 lakh to the Department.

In reply, the divisional authorities stated that the programme funds were kept in civil deposit head as per the instructions of Chief Accounts officer PHE Department Kashmir and that the saving bank accounts were not operated in the beginning of the programme due to non-availability of programme guidelines. The fact is that the programme was launched in the State after the programme guidelines were framed by the GOI and the funds as per the programme guidelines were to be kept in the saving bank accounts.

2.2.8.6 Non-deduction of service tax

As per provisions of the J&K General Sales Tax Act, the service tax is to be deducted from the contractors for execution of works contracts. Audit observed in five divisions that service tax of ₹47 lakh was short-deducted from the payment bills of contractors during the period 2012-13. The EEs stated that the amount would be recovered from the concerned contractors.

2.2.8.7 Non-deduction of labour cess

The Building and other Construction workers welfare Cess Act, 1996 provides that all establishments engaged in construction activity are liable to pay cess at the rate of one *per cent* of the cost of contract. Audit check of records of nine divisions showed that divisional authorities had failed to deduct cess to the tune of ₹99 lakh from the payments made to the contractors during the period 2009-13 resulting in undue benefit to the contractors. The EEs stated that the cess would be recovered from the concerned contractors.

2.2.9 Programme implementation

2.2.9.1 Progress of coverage of habitations

The programme aimed at achieving a goal of coverage of all rural habitations by the year 2012. As per the scheme guidelines, priority was to be given to habitations having no access to adequate and safe drinking water. The position of coverage of number of habitations with drinking water facility during the period 2009-13 in the State is given in **Table-2.2.2**.

Table-2.2.2

Category	Percentage of people with drinking water coverage	No of habitations (March 2009)	No of habitations (March 2013)	No. of habitations targeted for coverage during 2009-13	No. of habitations covered during 2009-13
Total Habitations-		**12331**	**13,938**	**5045**	**2992**
Category 1	>0 and <25 *per cent*	5138	4096	2514	1250
Category 2	>25 and <50 *per cent*	885	936	450	225
Category 3	>50 and <75 *per cent*	1111	1028	570	299
Category 4	>75 and <100 *per cent*	1348	1124	405	215
Category 5	100 *per cent*	3849	6754	1106	1003

Audit noticed that target for coverage of 5,045 habitations was fixed during the period 2009-13, out of which only 2,992 habitations were covered resulting in the shortfall of 41 *per cent*. As of March 2013 access to drinking water to 100 *per cent* population was available to 6754 habitations (48 *per cent*) while as 5,032 habitations with population of less than 50 *per cent* having availability of drinking water facility remained uncovered of drinking water facility. Instead of focusing on areas where none (zero *per cent*) or part of the population had access to adequate and safe drinking water, 1003 habitations which had already 100 *per cent* coverage were covered during the period 2009-13. The Chief Engineer PHE Department Kashmir stated that change of norms from 40 LPCD[11] to 55 LPCD rendered the fully covered habitations to partially covered status. The fact, however, remains that priorities were not fixed while taking up the rural water supply schemes especially in the drinking water deficit areas.

2.2.9.2 Tardy progress in completion of schemes

The position of rural water supply schemes taken up for execution under the programme and completed during the years from 2009-10 to 2012-13 in the State is given in the **Table-2.2.3.**

Table-2.2.3

S. No	Year	Opening balance (No. of schemes) (a)	No. of schemes taken up for execution (b)	Total No. of schemes under execution (a+b)	No. of schemes completed	Closing balance (No. of schemes)
1.	2009-10	971	56	1,027	215	812
2.	2010-11	812	228	1,040	170	870
3.	2011-12	870	391	1,261	136	1,125
4.	2012-13	1,125	461	1,586	181	1,405
	Total		**1,136**		**702**	

Out of 2107 schemes (including 971 schemes of ARWSP) in hand during 2009-13, only 702 schemes (33 *per cent*) had been completed during the period leaving 1,405 schemes incomplete as of March 2013. The incomplete schemes include 445 schemes taken up under ARWSP prior to launch of the NRDWP programme in 2009 on which an expenditure of ₹801.71 crore was incurred as of March 2013. Despite the fact that schemes taken up prior to April 2009 were incomplete, 1,136 new schemes were taken up for execution during the period 2009-13 (estimated cost: ₹1,685.92 crore and expenditure: ₹368.66 crore). The action of the Department to take up large number of new schemes without first ensuring completion of the left-over schemes particularly the schemes under ARWSP was injudicious.

2.2.9.3 Inadequate coverage of rural schools

The programme guidelines provide for provision of drinking water facility to all rural schools by the end of the year 2010-11. Audit noticed that 6,152 Government-run rural schools (26 *per cent*) out of total 23,676 such schools in the State were without

11 Liters per capita per day

drinking water facility as of March 2013. The GOI had also decided to install simple stand alone purification systems in 2,180 schools for which ₹4.36 crore was released in 2008-09. Against this, 280 schools were covered at an expenditure of ₹10 lakh thus depriving the children of remaining 1,900 rural schools from the facilities of safe drinking water. The Chief Engineer PHE Department Kashmir stated that all schools could not be covered owing to non-feasibility or non-availability of any nearby source of water.

2.2.9.4 Non-preparation of DPRs

For preparation of DPRs, the services of the State Technical Agency (STA) were to be sought by the executing divisions. Test-check of records showed that 179 rural water supply schemes were taken up for execution without framing DPRs of these schemes in 14 divisions during the period 2009-13. An expenditure of ₹47.71 crore was incurred on these schemes as of March-2013. Taking up of RWS schemes without the DPRs was irregular and had the risk of execution of defective works. The CE PHE Kashmir stated that DPRs were under observation. The Executive Engineers PHE Divisions Doda, Poonch and Akhnoor stated that preparation of DPRs were in final stage, the works were carried out for spot treatment and that the DPRs were not required. The fact is that execution of scheme was not to be taken up without preparation and approval of the DPR.

2.2.9.5 Execution of schemes in violation of programme guidelines

The programme is aimed at providing safe drinking water to the habitations of the rural areas and taking up of schemes for the habitations not falling under the rural areas is not permissible under the programme. Audit noticed that 13 schemes were executed in urban areas of Jammu and Srinagar cities at a cost of ₹12.60 crore as of March 2013 by three divisions. Further, 529 hand pumps were constructed in these areas at a cost of ₹5.91 crore during the period 2009-13 by two Ground Water and Drilling Divisions Jammu and Srinagar from the programme funds. Thus, ₹18.51 crore was incurred on the construction of ineligible schemes and hand pumps. The Executive Engineers (EEs) stated that the schemes were selected on behalf of higher authorities and local Hon'ble Minister/ MLAs/ MLCs and also due to pressing needs of drinking water in urban areas.

Audit further noticed that 31 rural water supply schemes were taken up during 2009-13 for execution under the programme at an estimated cost of ₹57.67 crore by 11 divisions and an expenditure of ₹46.84 crore was incurred under the programme upto March 2013. These schemes were also found executed under the NABARD/ LIC assisted and Minimum Needs Programme of the State Government (estimated cost: ₹63.12 crore). A further expenditure of ₹32.38 crore was incurred as of March-2013 on these schemes. Similarly, 22 rural water supply schemes taken up for execution at an estimated cost of ₹25.86 crore under NABARD/ LIC assisted and Minimum Needs (District sector) Programme of the State Government and after incurring an expenditure of ₹18.60 crore as of March 2013 thereon were again taken up for execution under the Programme at an estimated cost of ₹37 crore and an expenditure of ₹10.54 crore was incurred on these schemes as of March 2013.

The Executive Engineers of three divisions stated that due to inadequate funding under the State sector coupled with increase in population the schemes were taken up under other sectors for their speedy completion. Chief Engineer, PHE Department, Kashmir, however, reported that left over *Kandi*[12] schemes were shifted to NRDWP to benefit the Scheduled Tribe areas. The programme guidelines, however, do not provide for taking over of left over schemes of other programmes.

2.2.9.6 Unfruitful expenditure

Audit scrutiny showed that 30 rural water supply schemes in eight divisions taken up for execution between 2003-04 to 2012-13 could not be completed due to land disputes (19), source disputes (4), discharge of contaminated water (3), diversion of scheme funds (3) and depletion of source (1) despite incurring an expenditure of ₹45.18 crore as of March 2013. The divisional officers intimated that the steps would be taken to settle the disputes and complete these schemes in due course of time.

2.2.9.7 Wasteful expenditure

Audit scrutiny of records showed that in PHE Divisions Kupwara and Handwara the divisional authorities replaced the raw water mains of seven existing schemes (Kupwara: five and Handwara: two), which were in their live design period (15 years), by a common raw water main in 2011-12 under 'source sustainability' component of the programme and an expenditure of ₹7.91 crore was incurred thereon as of March 2013. An expenditure of ₹1.74 crore was incurred earlier on laying and fitting of the replaced raw water mains. These raw water mains were in their live design period supplying water regularly. This resulted in wasteful expenditure of ₹1.74 crore incurred on laying and fitting of the replaced raw water mains of the existing schemes. The divisional authorities stated that district Kupwara would get the good benefit out of laying of common raw water mains. The fact remains that the existing schemes did not need replacement before their live design period and the expenditure incurred on replacement could have been utilized for funding of other needy schemes.

2.2.9.8 Excess expenditure

The Chief Engineer PHE Department Kashmir clarified (April-2013) that the ductile iron (DI) pipes are preferred over mild steel (MS) pipes as the DI pipes are more durable, ductile and do not crack and are not subject to any corrosion even under sever freezing temperature. Audit scrutiny of records showed that mild steel (MS) pipes were utilized instead of ductile iron (DI) pipes in raw water main (supply main) in nine schemes of PHE Division Shopian during the period 2008-12. The utilization of MS pipes instead of DI pipes, which are more durable and cost effective than MS pipes, had resulted in extra avoidable expenditure of ₹5.97 crore during the period

[12] Water scarcity/ Drought prone areas

2009-13. The Executive Engineer PHE Division Shopian stated that these works were executed very early and the excess expenditure was incurred in the best interests of the work and that the costly utilization of MS pipes was avoided from the year 2012-13.

2.2.9.9 Inadmissible expenditure on re-alignment of pipes

The drinking water pipes were to be laid after considering their technical feasibility, requirement for designed population, design period, security of public infrastructure and avoidance of encroachment to the public/ private properties. Audit noticed that in 209 cases in six PHE Divisions, the pipes laid earlier were re-aligned at a cost of ₹1.63 crore during the period 2009-13 as the original pipes were laid improperly and on the basis of inadequate/ faulty surveys/ designs. The divisional authorities stated that re-alignment of pipes was done in light of public demand and site conditions. However, the charges on account of re-alignment of pipes should have been borne from the respective schemes of the State Government.

2.2.9.10 Inadmissible cost escalation

As per the programme guidelines funds released should not be utilized against any cost escalation of the schemes or adjusted against excess expenditure over and above the approved cost of schemes in the previous years. The expenditure on this account, if any, is to be met from normal State budget. Audit observed that 758 schemes (estimated cost: ₹825.44 crore) were taken up for execution during the period 2002-09 and were scheduled to be completed within three years from the date of commencement of work. The cost of these schemes was revised to ₹1,354.60 crore and an expenditure of ₹1,063.60 crore was incurred on these schemes up to March 2013. This resulted in revision of cost to the extent of ₹529.16 crore and cost escalation of ₹238.16 crore in respect of all these schemes. These schemes include 145 RWS schemes for which original estimated cost ₹158.59 crore was revised to ₹246.20 crore by the Planning Section in Chief Engineer PHE Department Kashmir at their own level. The cost of escalation of these schemes was met from the programme funds, which was in contravention of the programme guidelines. The Executive Engineers stated that due to inadequate funding, spill over of *Kandi* schemes and upcoming of new colonies etc the schemes got delayed and caused cost escalation. The Chief Engineer PHE Department Kashmir stated that funds for cost escalation were met out of NRDWP which were released by the Administrative Department for the purpose.

2.2.9.11 Irregular excess expenditure

The J&K Financial Rules provide that the Executive Engineer has the power to permit excess expenditure over the sanctioned estimates to the extent of *three per cent* or ₹0.50 lakh whichever is more. Audit noticed that the Executive Engineers had crossed the prescribed limits in contravention of financial rules and had sanctioned excesses over the original estimates ranging between eight *per cent* and 1,265 *per cent* during the period 2009-13 in 439 works in respect of six test-checked divisions. The concerned Executive Engineers stated that the extensions were allowed due to the site conditions and as per the public demand. The extensions were however granted by ignoring the powers under the financial rules.

2.2.9.12 Execution of work without technical sanction

The Department followed the normal mechanism for sanction of technical estimates of the schemes in absence of State Technical Agency under the programme. Audit noticed that 954 water supply schemes (estimated cost: ₹1,863.63 crore) were not sanctioned technically and were executed at an expenditure of ₹572.27 crore (upto March 2013) in 17 divisions resulting in irregular execution of schemes/ works under the programme. After this was pointed out in Audit, the EEs stated that the projects/ schemes were split to keep the technical sanction of works within their powers and that the technical sanction for the schemes/ works as a whole would be obtained in future.

2.2.9.13 Unscientific selection of water sources

The site for construction of borewells was to be selected after carrying out surveys based on hydro-geological set-up and Hydrogeomorphological (HGM) maps in consultation with Central Ground Water Board (CGWB). Audit noticed that the sites for construction of bore wells in Jammu Division were neither selected in consultation with CGWB nor based on any survey. Instead, the sites for bore wells were identified by the concerned Hon'ble MLAs/ MLCs and Deputy Commissioners etc. with the result that 519 bore holes had been declared unsuccessful after incurring an expenditure of ₹12.89 crore during the period 2009-13. Further 14 tube wells were declared dry prematurely after incurring an expenditure of ₹1.47 crore during the period 2009-13. The EE, Ground Water Division, Jammu stated that these tube wells were exploratory in nature. The reply is not acceptable as these bore/ tube wells were taken up for execution as part of regular water supply schemes under ARWSP/ NRDWP and funds for exploratory wells were provided separately from the State plan.

2.2.10 Sustainability of water source

As per programme guidelines any recharging structure meant for overall management of water resources and that does not directly recharge drinking water sources were not eligible for funding under 'Sustainability component' of the programme. The position of schemes taken up under the 'Sustainability component' of the programme during the years from 2009-10 to 2012-13 is given in **Table 2.2.4.**

Table-2.2.4

S. No	Year	No. of schemes under execution at the beginning of the year	No. of schemes taken up during the year	No. of schemes completed during the year	No. of schemes under execution at the close of the year
1.	2009-10	-	11	0	11
2.	2010-11	11	132	1	142
3.	2011-12	142	370	9	503
4.	2012-13	503	55	4	554
	Total		**568**	**14**	

Thus 568 schemes were taken up for execution during the period 2009-13 out of which only 14 schemes were completed during this period and 554 schemes were under execution as of March 2013.

Audit examination of records showed that 15 schemes which had no direct bearing on the recharge of drinking water sources and were meant for overall management of water resources viz., construction of pump houses/gang hut, procurement of pipes, construction of cut walls, laying and fitting of pipes for additional sources etc., were executed under the 'sustainability component' of the programme at a cost of ₹4.34 crore as of March-2013 in 16 divisions. The structures were part of water supply schemes and were as such to be constructed alongwith the execution of these rural water supply schemes. The EE, PHE Division Poonch stated (May 2013) that due to non-framing of action plan, the funds received were advanced to the Mechanical and Procurement Division, Jammu while EE, PHE Division Nowshera stated that in future thrust would be given to sustainability structures.

2.2.11 Operation and Maintenance of water supply schemes

Audit check of records showed that no annual operation and maintenance plan was prepared by the State Government and the funds to the tune of ₹3.82 crore were diverted for execution of schemes, purchase of DG set/ pumping units, construction of lavatory block and payment of land compensation etc., by the 13 divisions during the period 2009-13 out of O&M funds. The Department stated that the information regarding the annual action plan under 'Operation & Maintenance' was to be obtained from the concerned Chief Engineers which confirmed the fact that there was no monitoring of utilization of O&M grants at the administrative level.

2.2.12 Water quality and monitoring surveillance

To develop understanding and appreciation of safe and clean drinking water among rural communities and to enable them to determine the quality of drinking water, National Rural Drinking Water Quality Monitoring and Surveillance (WQM&S) Programme launched in February 2005 was merged with the main Programme (NRDWP). According to the programme guidelines funds to the extent of *three per cent* of annual allocation are earmarked for this component and the State Government was required to frame the annual action plan under the WQM&S.

The Department had not prepared annual action plan during 2009-11 under WQM&S. Against an available amount of ₹41.03 crore during 2009-13 the department had incurred an expenditure of ₹26.04 crore as of March 2013. Audit analysis further showed that out of 408 schemes taken up for execution under WQM&S component of the programme, only 36 schemes (nine *per cent*) were completed during the period 2009-13.

2.2.12.1 Establishing of water quality testing laboratories

The programme guidelines provide for establishment of water testing laboratories at the sub-division level with a provision of testing few selected chemical parameters (need based) and biological parameters. The position of targets and achievements of establishment of district and sub-district laboratories during the years from 2009-10 to 2012-13 is given in **Table-2.2.5.**

Table-2.2.5

S. No.	Year	New laboratories to be set up			
		Targets		Achievements	
		District Laboratories	Sub-district laboratories	District Laboratories	Sub-district laboratories
1.	2009-10	-	-	-	-
2.	2010-11	18	42	2	1
3.	2011-12	1	-	22	4
4.	2012-13	-	9	7	8
	Total	**19**	**51**	**31**	**13**

During the period 2009-13 target for establishment of 70 laboratories (19 at district level and 51 at sub-district level) were fixed against which only 44 laboratories (31 at district level and 13 at sub-district level) were established resulting in the shortfall of 26 laboratories (37 *per cent*) during the period 2009-13. The programme guidelines provide that all drinking water sources should be tested at least twice a year for bacteriological contamination and once a year for chemical contamination. Audit observed that no water samples were tested by the Department during the years 2009-11. However, the situation had improved during 2011-13 and against a target of testing of 33,470 water samples, 24,648 water samples were tested i.e. achievement of 74 *per cent.*

2.2.12.2 Supply of un-filtered drinking water

The Department had not prepared an annual plan for construction of modern filtration plants for each water supply scheme in the State. Instead of constructing new filtration plants and making 100 non-functional filtration plants operational in Kashmir Division, the Department constructed 60 pre-settling tanks at a cost of ₹9.09 crore during the period 2009-13. Audit noticed that unfiltered water was supplied to 16.09 lakh from 341 water supply schemes in seven test checked divisions in Kashmir Division. The raw water was collected from *Nallahs* directly and was supplied to the public without getting it passed through the filtration plants. Similarly, in Jammu region, the percentage of unsatisfactory results for microbiological water tests carried out randomly by the Government Medical College, Jammu during the period 2010-12 (upto December 2012) in respect of ten districts of Jammu Division ranged between 53 *per cent* and 68 *per cent*. The concerned EEs stated that the steps would be taken to provide filtered water to the population.

2.2.13 Contract Management

Under contract management following deficiencies were noticed:

2.2.13.1 Inadmissible extra payment

(i) As per the standard terms and conditions of the supply orders for supply of Galvanized Steel tubes, price variation is allowed on the basis of every increase or decrease in the price of raw material (HR coils and Zinc) on which the offered rates are based. Further, in cases where the suppliers could not deliver the supplies within the valid stipulated delivery period and where extension in delivery periods had been granted no price escalation is to be paid within the extended delivery period.

Audit observed that in M&P Division, Jammu though the suppliers had failed to offer the material for inspection within the valid delivery period, price escalation for quantity of stores offered for inspection beyond original delivery periods had been claimed by seven suppliers and allowed by the Department during the period from December 2009 to June 2012. This had resulted in inadmissible extra payment of ₹1.53 crore to these suppliers. Audit further noticed that the suppliers were allowed price escalation/ variation of ₹4.96 crore by the Chief Engineer PHE Department Kashmir during the period 2009-13 due to failure of the departmental authorities to ensure receipt of supplies within the delivery period because of late issue of excise duty exemption certificates. The EE, Mechanical Procurement Division, Jammu stated that the amount paid in excess on account of price escalation would be recovered from the concerned suppliers under intimation to audit.

(ii) The Chief Engineer PHE Department Kashmir placed three supply orders between April 2009 to August 2009 for purchase of Quick coupling pipes of different specifications with M/s Nidhi Pipes limited Chandigarh on the basis of DGS&D rate contract (May-2008) valid from June 2008 to May 2009. The DGS&D had amended (February 2009 and May 2009) the rate contract by reducing the rates of pipes and the amended rate contract was valid with retrospective date from June 2008 upto August 2009. However, the Department without considering the amended rate contract and revised rate therein, released the payment for supply of the material on existing rates resulting in the excess payment of ₹19 lakh to the supplier. The Chief Engineer PHE Department Kashmir stated that action of recovery would be initiated from the supplier.

(iii) Audit examination of records of EE, M&P Division Srinagar showed that the rate contract for GMS tubes was finalized in July 2008 with validity of rates up to July 2009. The GMS pipes requisitioned by the indenting divisions prior to June 2009 were purchased at higher rates against the rate contract of August 2009. This resulted in extra avoidable expenditure to the tune of ₹61.81 lakh. The Chief Engineer, PHE Department, Kashmir stated that the procurement action was deferred till detailed review of the ongoing schemes was undertaken/completed.

(iv) An excise duty of ₹ 6.02 lakh had been paid to the supplier for supply of mild steel pipes who was exempted from payment of central excise duty. The rates paid to the supplier included the element of excise duty thereby resulting in extra payment of ₹6.02 lakh. The Department in reply stated that the matter with regard to excess payment will be looked into. Again in respect of 15 cases the entry tax to the tune of ₹1.01 crore was reimbursed to the suppliers without any documentary evidence during the period 2009-13 by the EE, M&P Division Srinagar resulting in irregular payment. In reply it was stated that entry tax was paid as per the provisions of the supply orders.

The reply was not acceptable as no documentary proof in support of the claim that the tax was actually paid, was obtained from the suppliers before releasing the payment of entry tax to the suppliers.

2.2.13.2 Absence of tendering process

The Government instructions (Rule 8.5 of J&K Financial Code Volume-I) provide that the works should not be executed without invitation of tenders. Audit noticed that Executive Engineers of seven test-checked divisions (Kashmir Division) executed 3,607 works without invitation of tenders at a cost of ₹46.70 crore during the period 2009-13. Similarly, 742 schemes in eight test-checked divisions (Jammu Division) were executed without inviting the tenders at an expenditure of ₹298.65 crore during the period 2009-13 which included payment of ₹9.26 crore made on hand receipts. Further, 748 test-checked works valuing ₹4.39 crore were executed departmentally by making payments to the labour mates through casual labour rolls (Form-22) in six test-checked divisions (Kashmir Division) during the period 2009-13. The action of the divisional authorities was contra to the tendering system.

The EEs of the test checked Divisions stated that due to emergent nature of works, public demand and instructions of Hon'ble MLAs/ Ministers (in some cases) besides poor response of contractors, the works were executed without invitation of tenders.

2.2.14 Material Management

The two Material/Mechanical and Procurement Divisions (M&P) one each at Srinagar and Jammu of the Department are responsible for procurement and supply of key material viz pipes of sorts, horizontal centrifugal (HC) pumps, submersible pumps and other support material for execution of water supply schemes in the user divisions. The annual demand of material is assessed on the basis of requirements submitted by the divisions and is procured keeping in view the available funds advanced by the user divisions and Chief Engineers of the Department. The position of funds of two Material/ Mechanical and Procurement Divisions (M&P) one each at Srinagar and Jammu and the expenditure incurred thereagainst under the programme by the two M&P Divisions during the period from 2009-10 to 2012-13 is given in **Table-2.2.6**.

Table-2.2.6

(₹ in crore)

S. No.	Year	Opening balance of funds	Allotment of funds	Total funds available	Expenditure incurred	Closing balance of funds	Percentage utilisation
1.	2009-10	-	-	-	-	-	-
2.	2010-11	0	87.03	87.03	76.79	10.24	88
3.	2011-12	10.24	166.43	176.67	151.15	25.52	86
4.	2012-13	25.52	135.62	161.14	158.37	2.77	98
	Total	**-**	**389.08**	**-**	**386.31**	**-**	**-**

The above position showed that though percentage utilization of funds during the years 2010-11 to 2012-13 ranged between 86 and 98 *per cent.* Besides this expenditure, it was also seen that the Department created a liability of ₹27.93 crore as of March 2013 on account of purchase of GI pipes and material of sorts which were indented by the field divisions. After this was pointed out in audit, the EE Mechanical Procurement Division Jammu stated that material was issued to indenting divisions on credit basis at the behest of Ministers and Chief Engineer PHE Department Jammu resulting in creation of liability. The EE, Material and Procurement Division Srinagar stated that the material had been issued as per orders of the higher authorities.

2.2.14.1 Injudicious purchase of stores

Audit check of records showed that the Executive Engineer Material Procurement Division Srinagar without conducting test trails for laying of Flexible Quick Coupling Collard GI (FQCCGI) pipes in the hilly terrains of the State purchased pipes for ₹20.56 crore on the basis of DGS&D rate contract during the period 2009-13. However it was noticed in six test-checked divisions that these pipes valuing ₹5.89 crore remained unutilized as of March-2013 and in two Divisions (Shopian and Bandipore) the FQCCGI pipes laid for four schemes were replaced by the GI pipes. This indicated injudicious purchase of stores by the Department. The Chief Engineer PHE Department Kashmir stated that the pipes were purchased after conducting test trials. However, the fact is that the substantial quantities of the pipes were lying unutilized.

2.2.14.2 Unutilised/ unaccounted hand pumps

Audit noticed that the survey was not conducted to identify the areas which had absolute need of hand pumps and the hand pumps were installed on the recommendations of the Hon'ble MLAs and the requirements submitted by the concerned PHE Divisions. The Ground water and Drilling Division Srinagar had received 8,579 hand pumps from M&P Division Srinagar against which 6,980 hand pumps were installed during the period 2009-13. However, as per the Price Store Ledger there were only 439 hand pumps as on 31 March 2013 showing variation of 1,160 hand pumps valuing ₹1.27 crore. After this was pointed out in audit the EE PHE Ground water Division Srinagar stated (May 2013) that these hand pumps were issued to concerned Junior Engineers (JEs) as material at site and the utilization of these pumps would be ascertained. Further, it was noticed that 200 hand pumps installed during 2009-13 in the Kashmir Division were beyond economical repairs as of March 2013.The material consumed in the installation of hand pumps valuing ₹20.95 lakh were not retrieved (May 2013). Also out of 1,950 hand pumps to be repaired during the period 2009-13, only 1336 hand pumps were repaired leaving 614 hand pumps unrepaired resulting in idle investment to the extent of ₹2.76 crore on these hand pumps. In reply, it was stated (May 2013) that steps would be taken to repair the hand pumps.

2.2.14.3 Shortage of stores

Audit noticed variation between the closing balance of stores in the accounts/records of the PHE Division Bandipora and the ground balance of these stores in the Division as on 1 April 2012 resulting in shortage of stores worth ₹2.69 crore as is seen from the details in **Table-2.2.7.**

Table-2.2.7

Material (Units)	Opening balance as of April 2009 in the stores	Material received from the stores during the period 2009-12	Total quantity of material	Material issued during the period 2009-12	Closing Balance of material as of 1 April 2012	Ground balance of material in the Stores as on 1 April 2012	Shortages of material in the store as on 1 April 2012	Value of shortage of material (₹ in crore)
GI (Meters)	-	205145.23	205145.23	153690.56	51454.67	6081	45373.67	1.61
QCC (Meters)	-	44133	44133	9645.20	34487.80	11864	22623.80	0.85
Cement (Bags)	262	22860	23122	21834	1288	0	1288	0.05
Iron (mm)	0	1560.70	1560.70	1172.63	388.07	52.71	335.36	0.18
Total								**2.69**

The shortage of stores was facilitated due to the fact that physical verification of stores and stocks had not been conducted during the period 2009-13, non-maintenance of divisional level material-at-site registers/ advance payment register/ bin cards during the period 2009-12, non-reconciliation of stores with the supplier agencies during the period 2009-12. Further, the cash security and personnel security of all store keepers had not been obtained and no surprise inspection was conducted by the divisional officer during the period 2009-12. The EE, PHE Division, Bandipora stated that the recovery pointed out by the audit would be taken up with the ex-store keeper and steps would be taken to effect the recovery of ₹2.69 crore from the defaulters. Further action in the matter was awaited (September 2013).

2.2.14.4 Drilling of tube wells – non-supply of rigs

Construction of tube/dug wells is undertaken through rigs and as such management thereof is important for success of the NRDWP in the State. Audit observed that no advance planning was made to utilize the rigs and associated manpower in a proper manner and that no annual targets were fixed for construction of tube/ dug wells in the State. Audit examination of records showed that an amount of ₹nine crore was placed at the disposal (January 2010) of the M&P Division Srinagar by the EE Ground Water Division Srinagar for purchase of two dual Rotary Rigs for Ground water and Drilling Divisions Srinagar/ Jammu against which ₹8.11 crore was advanced (January 2011) to DGS&D New Delhi. Audit noticed that the Department failed to pursue the matter with the DGS&D authorities. In absence of rigs the divisional authorities had to outsource construction of 86 tube/dug wells to the contractors during the period 2010-13 resulting in extra burden of ₹12.41 crore on the State exchequer.

2.2.15 Social Audit

As per the programme guidelines, there should be a social audit by the community based organizations (VWSC/ User groups) after every six month on a fixed date to ensure that the works undertaken by the PHE Department/ related Department and PRIs are as per specification and funds utilized are appropriate to the works undertaken so as to provide a feedback according to the locally developed yardsticks for monitoring as well as key indicators for measuring consumer's satisfaction of provision of drinking water services available to them on a sustainable basis. Records, however, showed that the mechanism of social audit had not been put in place by the Department to ensure transparency in execution as well as spending under the programme.

2.2.16 Convergence with other programme/ schemes

The programme guidelines provide for convergence with other programmes/ schemes like NRHM, MGNREGS etc. The labour cost of any recharging system/ surface water impounding structures is to be met from MGNREGS/ IWDP funds. Similarly, labour component of de-silting of ponds is also to be met from MGNREGS funds. Further, the States were required to register the activities to be considered for convergence under MGNREGS in the shelf of projects at the district level every year before 15th of August so that the activities could be included in the subsequent action plan besides the convergence with NRHM for testing water quality (biological parameters) at the Primary Health Centers was also to be considered. Audit noticed that no convergence with other programmes/ schemes implemented by the State Government had been provided to help the Department in carrying out water tests in PHCs under NRHM and utilizing the services of labours for execution of the schemes etc under MGNREGS.

2.2.17 Internal control

Internal control system is a management tool used to provide assurance that the objectives are being achieved as planned. Deficiencies noticed in internal controls in the implementation of the scheme have been pointed out in previous paragraphs.

The programme guidelines provide for financial support to the State Government under support fund on 100 *per cent* central share basis for developing the Management Information system (MIS) under the component support activities. The MIS and computerization plan was to be prepared as a part of the Annual Action Plan (AAP) under NRDWP. Audit noticed that though a comprehensive application software for computerization of rural water supply schemes had been designed and developed through M/s Price Water House Coppers, New Delhi but the same could not be put in place as the software application could not be put online due to non-availability of data centre in the State.

2.2.18 Monitoring mechanism

The State Government was required to establish a Monitoring and investigation unit (MIU) with technical posts of hydrologist, geophysicist, computer specialists and data entry operators to work in coordination with research and development department (R&D) cell. The unit was required to monitor quality of the programme at field level and to collect the information viz monthly, quarterly and annual progress reports showing the physical and financial status of the water supply schemes, maintenance of data and timely submission of same to the Central Government. It was however, noticed that no monitoring and investigation unit was set-up by the State Government. Audit also observed that no district level vigilance and Monitoring committees were established by the Department. Further, as per the programme guidelines the State Government was required to take up the evaluation and monitoring studies on the implementation of the rural water supply programme with the approval of the SLSSC and the Department was to take corrective measures in light of these study reports. Audit found that no project monitoring and evaluation activity under the programme had been undertaken by the Department (July 2013).

2.2.18.1 Research and Development

According to the programme guidelines, the State Government was required to establish Research and Development cells with adequate manpower and infrastructure under the programme. The cell has to keep liaison with the State Technical Agency and monitoring and evaluation units and study the monitoring and evaluation reports for initiating the appropriate follow-up action. However, Audit noticed that no such research and development cell was created by the State Government.

2.2.19 Conclusion

Comprehensive plans like Village and District Water Security Plan comprising demographic, physical features, water sources, available drinking water infrastructure and other details of the village, Water Security Action Plan containing broad directions/ thrust and tangible targets planned to be achieved in the financial year were not prepared. Proper and robust Institutional set up like State Water and Sanitation Mission, State Level Scheme Sanctioning Committee, State Technical Agency, State Water and Sanitation Support Organization, District Water and Sanitation Mission and Village Water and Sanitation Committee were not functioning in the desired manner. Financial management was not efficient as instances of delay in releases of funds, non-availing of opportunity for incentive funds, diversion of funds, excess payment and loss of interest were noticed. Programme implementation was not effective. Delay in completion of works relating to Water Quality Monitoring and Surveillance (WQM&S) had resulted in supply of untreated/un-tested drinking water to many habitations. Contract management and material management was found to be weak.

There is no monitoring of cost effectiveness of the Programme, no data, no analysis and no benchmarks on unit cost of water supply projects or of O&M costs. The Department does not have district-wise mapping and data of groundwater resources. There is also no monitoring of availability and exploitation of groundwater resources to ensure optimum utilization. The Department does not have ready access to information about how many projects are based on what type of water source (spring, shallow tubewell, deep borewell, river, canal etc). The limited monitoring system does not provide information to the Department as to how many projects are based on deep borewells, which have a high unit cost that affects NRDWP coverage and also results in faster depletion of natural resources as the metering and tariff recovery systems are not in place and above all, accentuates risks of greater groundwater contamination. These concerns need to be addressed in the interest of Programme's viability and sustainability.

2.2.20 Recommendations

The Government may consider to:

- ensure implementation of all components of the programme in accordance with the NRDWP guidelines.
- strengthen the monitoring mechanism of all schemes under NRDWP.

The audit findings were referred to the Government in October 2013. The reply had not been received (January 2014).

Public Works (R&B) Department

2.3 Pradhan Mantri Gram Sadak Yojana

The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched in the State in December 2000 to provide all-weather roads (with necessary culverts and cross-drainage structures, which is operable throughout the year) to unconnected habitations in the rural areas with a population of 500 persons and above (250 persons in hilly areas). The Central Government bears the full cost of road construction/ improvement of roads and certain non-salary administrative expenses for programme management whereas the State Government provides funds for salary of staff, maintenance for completed road projects, acquisition of State/ forest/ private land and shifting of public utilities coming in the alignment of road projects. Some important findings of the audit are as under:

Highlights

- **Out of 2720 unconnected habitations (March 2013), 224 habitations with population of 1000 persons and above and 467 habitations with a population of 500 persons and above which were to be connected at the end of 2003 and 2007 respectively were not connected till 31 March 2013.**

(Paragraph: 2.3.7)

- **The work of construction of 140 road projects was allotted to 33 inexperienced/ ineligible contractors at a cost of ₹578.22 crore.**

(Paragraphs: 2.3.11.1 and 2.3.11.2)

- **Failure to notice shortcomings at the time of tendering process led to unauthorized subletting of contracts in 42 road projects involving expenditure of ₹102.96 crore. Non-compliance of orders of the Chief Engineer by the Programme Implementation Units resulted in release of irregular payment of ₹30.28 crore to the contractor.**

(Paragraph: 2.3.11.3)

- **The maximum period of 65 days prescribed in the Programme guidelines for finalization of contracts could not be adhered and delays in the bidding process in respect of 217 road projects ranged from 12 to 722 days.**

(Paragraph: 2.3.11.4)

- **Programme fund amounting to ₹375.72 crore had been irregularly spent on the construction of 163 ineligible road projects.**

(Paragraph: 2.3.12.1)

- **Due to failure to ensure availability of encumbrance free land, clearance from the Forest Department, non-availability of take off points for road**

works etc. by the PIUs, 464 road projects could not be completed in time resulting in blocking of investment of ₹949.06 crore.

(Paragraph 2.3.12.2)

2.3.1 Introduction

The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched in the State in December 2000 to provide all-weather roads (with necessary culverts and cross-drainage structures, which is operable throughout the year) to unconnected habitations in the rural areas with a population of 500 persons and above (250 persons in hilly areas). In April 2000, the State reportedly had 4163 such unconnected habitations out of total 9933 habitations. Out of 4163 unconnected habitations as on April 2000, 1443 habitations have been connected till 31 March 2013 and 2720 habitations were yet to be connected. Further, out of 1732 road projects with road length of 8753 km sanctioned during the period from 2000-01 to 2012-13, a total number of 715 road projects with road length 2373 km had been completed under the programme as of 31 March 2013 leaving 1017 roads with road length 6380 km yet to completed.

2.3.2 Organisational arrangements

The first phase (2001-02) and second Phase (2002-03) of the programme was implemented by the State Rural Development Department and from third phase (2003-04) onwards the implementation of the programme was entrusted (June 2003) to the State Public Works (R&B) Department.

For smooth functioning and proper implementation of the Programme a separate organization in the name of PMGSY headed by the Chief Engineer was created in October 2006 in the State under the administrative control of Commissioner-Secretary Public Works (R&B) Department (Empowered officer PMGSY). Another post of the Chief Engineer was created in the organization in December 2009.

In accordance with the PMGSY guidelines, a Nodal Agency, the Jammu & Kashmir State Rural Roads Development Agency (JKRRDA) was registered (November 2003) as Society under the Jammu and Kashmir Societies Registration Act 1998 (1941 AD). The main objective of the society is to receive funds from the Ministry of Rural Development, Government of India (GOI) and/ or other sources for implementation of PMGSY in the State. The structure of the PMGSY Organization in the State is given in ***Appendix-2.3.***

2.3.3 Audit Scope and Methodology

The Performance audit of PMGSY was conducted between November 2012 and May 2013 through test-check of records of the Commissioner Secretary, Public Works (R&B) Department, Financial Controller (PMGSY) JKRRDA, the two Chief Engineers PMGSY, two Superintending Engineers PMGSY[13] (out of six), eight

[13] Jammu and Reasi

Executive Engineers[14] PMGSY Divisions (Programme Implementation Units) out of 30 Divisions (PIUs) selected on the basis of number of road projects by adopting methodology of Simple Random Sampling Without Replacement (SRSWOR) covering the period from April 2008 to March 2013. Audit checked 189 road projects (out of 592) in the selected eight PIUs. An entry conference was held with the Commissioner Secretary PW (R&B) Department (Empowered Officer PMGSY) on 8 January 2013 wherein objectives, criteria scope and methodology of audit were discussed. Audit findings were discussed in an exit conference with the Commissioner Secretary Public works (R&B) Department on 11 December 2013 and the views of the Government have been incorporated in the Report at appropriate places.

2.3.4 Audit Objectives

The performance audit of PMGSY was conducted to assess whether:-

- the planning for providing all-weather road connectivity was efficient;
- financial management of the programme was efficient;
- execution of the works and their maintenance was efficient, effective and economical, and
- the monitoring mechanism was in place and was effective.

2.3.5 Audit Criteria

The Performance audit of PMGSY was benchmarked against the following criteria:-

- PMGSY Guidelines issued by the Government of India (GOI).
- Circulars/ notifications/ clarifications issued by the GOI and the instructions issued by the State Government for implementation of programme in the State from time to time; and
- District Rural Road Plans, Core Network and Detailed Project Reports.

Audit Findings

The audit findings have been discussed in the succeeding paragraphs:-

2.3.6 Planning

The Programme guidelines provide for consultation of PIU with the local community through the mechanism of the Gram Panchayat for determining the most suitable road alignments, resolving issues of land availability and elicit necessary community participation in the programme etc. It also provides for organizing a transect walk of the road project to be undertaken by the Assistant Engineer/ Junior Engineer with Patwari, Pradhan/ Panch of Panchayat and local Forest Officer.

In eight test-checked PIUs Audit noticed that consultations with the local community members had not been held and no transect walk had been organized by the

[14] Anantnag, Baramulla, Doda, Kulgam, Pulwama, Rajouri, Reasi and Udhampur

Department before finalizing the Detailed Project Reports (DPRs) of the road lengths. The Commissioner Secretary during exit conference stated that these consultations are happening now.

2.3.6.1 Non-compliance of core network parameters

A Core Network is that minimal network of roads and routes that is essential to provide basic access to essential social and economic services to all the eligible habitations in the selected areas through at least single all-weather road connectivity. The Department formulated block-wise Core Network as per the provisions of the programme guidelines. The Core Network reflected name of road, details of habitations to be connected, length of road to be constructed to provide road connectivity to proposed habitation etc. It was observed in audit that actual length of road projects as reflected by the Core Network were not taken up for construction. As a result, road projects taken up for execution were either short of or exceeded the actual length of roads reflected in the Core Network. The lengths of 29 road projects indicated in the Core Networks and actual road lengths taken up as per the Detailed Project Reports for execution by four PIUs is indicated in **Table-2.3.1**.

Table-2.3.1

Name of the PIU	No. of Road Projects	Road length as per DPR's	Road length as per Core Network
		In Km.	
Udhampur	09	63.87	114.00
Rajouri	06	26.73	46.00
Anantnag	09	22.37	34.00
Doda	05	70.50	122.40
Total	**29**	**183.47**	**316.40**

The execution of 29 road projects had not been taken up for the actual road lengths mentioned in the Core Network as against the length of 316.40 Km in the Core Network only 183.47 Km were taken up for execution as per the DPRs in these four PIUs. The road lengths reduced in respect of these road projects was in the range of 0.48 Km to 30 Km. The reasons for taking up road projects with reduced road lengths were not recorded in the DPRs.

The Executive Engineer PMGSY Divisions Udhampur and Anantnag stated (January 2013) that most of these roads would be completed in two parts and the remaining length of road projects had been projected in part-II of these road projects. The Executive Engineer PMGSY Division Doda stated (March 2013) that the DPRs (final part) of these road projects were under preparation and would be submitted to the higher authorities for approval. The replies should be viewed in light of the fact that the DPRs are to be formulated in full and should accommodate the actual road lengths shown in the Core Network.

Audit further noticed that the length of 19 road projects indicated in the Core Network and actual road lengths taken up for execution by four PIUs as per the Detailed Project Reports were as shown in **Table-2.3.2**.

Table-2.3.2

Name of the PIU	No. of Road projects	Road length as per DPRs	Road length as per Core Network
		In Km	
Rajouri	01	11.30	07.00
Anantnag	03	14.00	09.50
Doda	04	41.96	36.00
Budhal	11	100.37	73.50
Total	**19**	**167.63**	**126.00**

The execution of 19 road projects had been taken up with extra road length in respect of each road project than those reflected in Core Network as against the road length of 126 Km in the Core Network 167.63 Km of road length were taken up for execution as per DPRs of these road projects in the four PIUs. The extra road length of each road project was in the range of 0.80 Km to 4.30 Km. The reasons for taking up execution of excess road length as reflected in the Core Network without approval of competent authority were not recorded in the DPRs of these road projects.

The Financial Controller, PMGSY JKRRDA stated (October 2013) that tentative road length had been reflected in the Core Network and actual length of road could be ascertained after surveys and the position with regard to decrease/increase in road length as per DPR and Core Network would be ascertained from the concerned PIUs. The reply is not appropriate since DPRs cannot be prepared beyond the scope of the Core Network without the approval of the competent authority.

2.3.7 Status of road connectivity

The primary objective of the Programme was to provide road connectivity to all unconnected habitations with a population of 1000 persons (500 persons for hilly areas) and above by the year 2003 and with population of 500 persons (250 persons for hilly areas) and above by March 2007, the end of the Tenth five year plan period. The category-wise position of connected and unconnected habitations in rural areas as on April 2000 (before launch of programme) and as of March 2013 in the State is indicated in **Table-2.3.3.**

Table-2.3.3

(In numbers)

Type of Habitation with size of population	Position as of April 2000			Position as of March 2013			
	Total Habitations	Connected Habitations	Unconnected Habitations	Total Habitations sanctioned by the GOI during the period 2000-2013	Habitations Connected out of sanctioned Habitations	Unconnected Habitations out of sanctioned habitations	Total unconnected habitations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1000 persons and above	2571	1953	618	608	394	214	224
500 persons and above but less than 1000 persons	2638	1604	1034	986	567	419	467
250 persons and above but less than 500 per sons	2330	1244	1086	402	236	166	850
Less than 250 persons	2394	969	1425	480	246	234	1179
Total	**9933**	**5770**	**4163**	**2476**	**1443**	**1033**	**2720**

From the above table it may be seen that:

(i) Out of 4163 unconnected habitations as of April 2000, a total of 1443 were connected during the period 2000-13 and 2720 habitations remained to be connected at the end of March 2013.

(ii) Out of 2476 habitations sanctioned for connectivity by the Government of India during the period 2000-13, a total of 1033 habitations remained to be connected as of March 2013.

(iii) Out of the unconnected habitations as of March 2013, a total of 224 habitations with a population of 1000 persons and above, 467 habitations with a population of 500 persons and above remained unconnected as of March 2013 which were required to be completed by the end of March 2003 and March 2007 (Phase I and Phase VII) respectively.

The Commissioner Secretary during exit conference stated that large number of sanctioned habitations could not be provided road connectivity due to various constrains such as forest clearance, proprietary land disputes and turmoil during 2008-10.

2.3.8 Core Network and Comprehensive New Connectivity Priority Lists

The Programme guidelines envisage preparation of core network and district level comprehensive new connectivity priority lists (CNCPL) of all proposed road links and grouping them in the following general order of priority as indicated in **Table-2.3.4.**

Table-2.3.4

Priority	Population size of Habitation
I	1000 persons and above
II	500 persons and above but less than 1000 persons
III	250 persons and above but less than 500 persons

Test-check of records showed that though the Core Network and District level CNCPL had been prepared by all the eight test-checked divisions (PIUs), but the order of priority in selection of habitations had not been adhered to with the result that 92 road links to the habitations with population size of 1000 persons and above were left out and habitations with smaller population size were accorded priority. The Executive engineers PMGSY Divisions Anantnag, Udhampur and Rajouri stated (January 2013) that the CNCPL could not be implemented due to pressure from the public/ MPs/ MLAs of the area. The Executive Engineer PMGSY Kulgam stated (February 2013) that every efforts had been made to select road projects in the order of CNCPL. The reply was not convincing as various road projects of small population were given priority over road projects with population of 1000+ persons.

2.3.9 Status of road projects

The first stage of a road work consists of formation-cutting, slope stabilization, protection works and drainage works whereas the second stage include the water bound macadam (WBM)-layers and bituminous surface course. The habitation concerned will not be counted as connected till second stage of the road project is completed. The PMGSY in the State had been implemented in eight phases during the period from 2000-01 to 2012-13. The Phase-I and II of the Programme was sanctioned during the years 2000-01 and 2001-02/2002-03.The position of road projects taken up under Phase-I to VII of the Programme for execution and completed thereto in the State is indicated in **Table-2.3.5**.

Table-2.3.5

(₹in crore)

Phase	Year of sanction	No. of Road projects sanctioned	No. of Road projects sanctioned for Stage-I (Sanctioned amount)	No. of Road projects sanctioned for Stage-II (Sanctioned amount)	No. of Road projects sanctioned for both Stage-I& stage-II (Sanctioned amount)	Expenditure incurred as of March 2013	No. of Road projects completed (Both Stage I and Stage II)	No. of Road projects completed (Stage-I only)	Projects executed by test-checked PIUs
I	2000-01	28	NA	NA	NA	NA	24	04	Nil
II	2001-02 2002-03	66	NA	NA	NA	NA	34	32	Nil
III	2003-04	62	44 (50.25)	Nil	18 (27.14)	72.73	12	49	21
IV	2004-05	104	103 (141.90)	01 (0.58)	-	156.26	01	96	53
V	2005-06	139	103 (425.83)	11 (10.95)	25 (75.54)	270.69	23	64	47
VI	2006-07	400	323 (840.06)	73 (95.06)	4 (8.60)	692.11	61	271	246
VII	2007-08	449	324 (1003.30)	107 (161.98)	18 (120.62)	473.49	72	155	225
	Total	**1248**	**897(2461.34)**	**192 (268.57)**	**65 (231.90)**	**1665.28**	**227**	**671**	**592**

Out of 1248 road projects sanctioned under phase I to VII (2000-01 to 2007-08), the construction of 227 road projects (18 *per cent*) had been fully completed and 671 road projects (54 *per cent*) had been completed up to Stage-I level only as of March 2013.

2.3.9.1 Tardy progress in completion of road projects

Audit noticed that out of 1248 road projects with road length of 6102 Km sanctioned during the period from 2000-01 to 2007-08, total 715 road projects (57 *per cent*) with road length of 2373 Km (39 *per cent*) only had been completed under the programme as of March 2013. This indicated improper planning as the Department had not followed basics of prioritization of schemes and had selected new road projects in large numbers without ensuring completion of the existing road projects. The Financial Controller (PMGSY) JKRRDA stated (December 2012) that the Programme of road development had been devised on the basis of inputs received from the respective Chief Engineers. The Financial Controller also accepted the necessity of Perspective Planning for dealing with the problems of land acquisition for the road projects and stated that the implementing agencies would be directed to take care of prioritization of works while submitting fresh proposals.

2.3.9.2 Execution of extra road lengths beyond sanctioned scope

Audit examination showed that while construction of stage-I of 10 road projects with road length of 33.60 Km had been completed, the stage II of these road projects had been taken up for execution with road length of 48.36 Km indicating excess execution of road lengths by 14.76 Km and involving excess sanctioned cost of ₹8.98 crore on these road projects. The Chief Engineer, PMGSY Kashmir attributed taking up of excess road length of Stage-II of road to some minor modifications in alignment required to connect the incidental/ scattered habitations and that the components of Stage-I works for these additional length were incorporated in the DPR of Stage-II of these road projects. The reply was not tenable as physical progress reports of Stage-I of the road works indicated completion of road projects through road connectivity to proposed habitations. Further, the concurrence of the District Panchayat, the State Technical Agency and the State Level Standing Committee required for any modifications in approved alignment was not obtained by the Department.

2.3.9.3 Broken road connectivity due to non-construction of bridges

The programme guidelines envisage preparation of separate Detailed Project Reports for individual bridges with bridge length exceeding 15 metres after site inspection jointly by the Superintending Engineer and the State Technical Agency[15]. Test-check of records showed that 52 road projects were sanctioned and taken up for execution during the period from February 2007 to August 2011 under phase IV and VII of the programme. Within the alignment of these road projects 73 bridges were sanctioned under phase VII to VIII of the programme indicating that proposals for construction of bridges had not been submitted simultaneously with the proposals of 52 road projects indicating formulation of faulty Detailed Project Reports by the Department. Out of these 52 road projects, ten road projects had been completed at a cost of ₹23.50 crore during October 2010 to March 2013 without construction of bridges. These roads projects as such could not serve the purpose of road connectivity to the proposed habitations. The Chief Engineer PMGSY Kashmir stated that bridges coming in the road alignment were missed out during the preparation of DPRs for stage-I of the road projects and had been sanctioned by the GOI under Phase VIII of the Programme. This indicated improper planning of the Department in taking up execution of road projects.

2.3.10 Financial Management

The Government of India provides programme funds for construction of road projects and administrative funds for operation and maintenance of the computers etc. whereas the State Government provides funds for salary of staff, maintenance for completed road projects, acquisition of proprietary/ forest land and shifting of public utilities coming in the alignment of road projects. The funds provided by the Central and State Governments for implementation of the Programme and expenditure incurred

15 Assistant Professor, Department of Civil Engineering National Institute of Technology Srinagar/ Head of Department Civil Engineering, Government College of Engineering and Technology, Jammu.

thereagainst during the period from 2008-09 to 2012-13 was as indicated in **Table-2.3.6**.

Table-2.3.6

(₹in crore)

Funds released by the Central Government and expenditure thereagainst						Funds allocated by the State Government and expenditure thereagainst		Total funds available	Total expenditure (percentage)
Year	Opening balance	Funds released	Total	Expenditure incurred	Closing balance	Allocation	Expenditure		
2008-09	16.30	191.74	208.04	191.81	16.23	122.30	119.56	330.34	311.37 (94)
2009-10	16.23	372.60	388.83	363.27	25.56	132.81	113.01	521.64	476.28 (91)
2010-11	25.56	366.09	391.65	296.22	95.43	145.67	135.66	537.32	431.88 (80)
2011-12	95.43	762.10	857.53	512.62	344.91	178.60	170.80	1036.13	683.42 (66)
2012-13	344.91	266.33	611.24	464.29	146.95	48.10	42.87	659.34	507.16 (77)
Total		**1958.86**		**1828.21**			**581.90**		**2410.11**

The Government of India released ₹1958.86 crore during the years 2008-09 to 2012-13 under the programme against which an expenditure of ₹ 1828.21 crore was incurred during the period leaving unspent balance of ₹146.95 crore at the close of March 2013. The percentage of expenditure ranged between 66 and 94 during the period 2008-13. Due to poor progress in completion of road projects, the second instalment of ₹1331.09 crore in respect of Phase-VI and VII had not been released by the GOI (March 2013). The Financial Controller (PMGSY) JKRRDA attributed non-release of second instalment of funds to incompletion of large number of road projects due to various bottlenecks such as acquisition of land, forest clearance, shifting of utilities etc.

2.3.10.1 Poor utilisation of funds for land acquisitions

The Government of India approved (2004-05) project of ₹577 crore under Prime Minister's Reconstruction Programme (PMRP) for acquisition of land for construction of 907 road projects in the State under the programme. Accordingly the State Planning and Development Department released ₹577 crore to the PMGSY organisation during the period 2007-08 to 2011-12 for this purpose. Test check of records of six PIUs showed that the utilization of funds released in favour of the Collectors (Assistant Commissioners Revenue) for the acquisition of land and structures coming in the alignment of road projects was very poor as against ₹146.78 crore released by the organization in favour of six[16] Collectors during the period from April 2007 to March 2013 an amount of ₹34.61 crore remained unutilized with the collectors as of April 2013.

The Financial Controller PMGSY JKRRDA stated (October 2013) that poor utilization of funds were due to dispute with the agitating landlords and that the matter had been taken up with the Government to instruct the Revenue Department to settle the acquisition on priority basis and disbursement of amount where draft awards had been issued under rules. The Commissioner Secretary during exit conference stated that pace of utilization of funds meant for land acquisition had paced up now and most of the funds reimbursed.

[16] Udhampur, Reasi, Rajouri, Doda, Pulwama and Uri (Baramulla)

2.3.10.2 Non-utilization of funds for maintenance of roads

According to the Programme guidelines, the State Government had to provide funds for the maintenance of roads completed under the programme. Audit scrutiny of records showed that against allocation of ₹15.66 crore for the years 2009-10 to 2012-13 for maintenance purposes, the organisation had spent ₹0.69 crore only on the maintenance of roads indicating poor utilization of funds on maintenance of roads completed under the programme.

The Commissioner Secretary during exit conference stated that funds for maintenance of roads could not be utilized due to non-completion of roads.

2.3.10.3 Non-maintenance of books of accounts

According to PMGSY Account Manual (Programme Fund) the JKRRDA was required to maintain separate books[17] of accounts for Programme as well as administrative funds by following the double entry system of accounting. Test-check of records of the Financial Controller (PMGSY) JKRRDA, showed that the prescribed books of accounts including cash book had not been maintained by the JKRRDA, as a result the position of funds released to PIUs and their utilization during the period from 2008-09 to 2012-13 could not be ascertained. Non-maintenance of the vital records by the JKRRDA is fraught with the risk of frauds, misappropriation etc.

The Commissioner Secretary during exit conference accepted that basic books of accounts had not been maintained since inception.

Further Audit noticed that annual accounts for the years 2008-09 to 2010-11 were certified by the Chartered Accountant in absence of these vital records and that there was variation of figures of interest amount shown in the audited accounts and those in the bank account as indicated in **Table-2.3.7.**

Table-2.3.7

(₹in crore)

Year	Interest shown earned as per Bank account	Interest shown received as per audited accounts
2008-09	31.63	11.02
2009-10	40.45	13.77
2010-11	46.76	15.68

The variation of figures of interest amount showed that the certified annual accounts of the JKRRDA were not in line with the figures of the bank accounts.

The Financial Controller PMGSY JKRRDA stated (October 2013) that variations in figures of interest between bank accounts and audited accounts of the Agency were due to the reason that bank account reflected cumulative balance whereas audited accounts reflected interest for a particular year. The reply was not acceptable as document PMGSY/ SCH/ F-52B of audited accounts clearly reflected cumulative amount of interest earned by the Agency.

[17] Cash Book, Bank Authorization Transfer Entry Book, Ledger of credit and debit balances, PIU-Wise Programme Fund register, PIU-Wise Bank Authorization registers and outstanding Bank Authorisation with PIUs Registers

2.3.10.4 Loss of interest due to non-investment of temporary surplus funds

As per the tripartite agreement on banking arrangement of funds of PMGSY executed (April 2005) among the JKRRDA, NRRDA and J&K Bank Limited; the temporary surplus funds in excess of ₹20 lakh in the Programme Fund is to be automatically invested in fixed deposits with one year maturity in units of ₹15 lakh. The Bank would automatically encash the security last invested if funds fall below ₹20 lakh and would pay interest from the date of investment to the date of encashment without deducting any charges for early encashment. Audit scrutiny of records of the Financial Controller (PMGSY) JKRRDA showed that the funds were held under the Smart Saver Scheme of the Bank till May 2010 when the scheme was discontinued. However, instead of investing the surplus funds in excess of ₹20 lakh in fixed deposits as per the agreement, these were continued to be held in the Saving Bank Account at a rate of four *per cent* per annum from May 2010. This resulted in interest loss of ₹34.21 crore during the period from 2010-11 to 2012-13.

The Financial Controller PMGSY, JKRRDA stated (October 2013) that the bank had been asked to calculate interest on PMGSY funds as per tripartite agreement from 2010 onwards and credit the same to the Programme fund account.

2.3.11 Contract management

The Programme guidelines provide for adoption of well-established procedure for tendering through competitive bidding for all the projects and the States were required to follow the provisions of the Standard Bidding Document (SBD) prescribed by the NRRDA for all the tenders. Audit check of records showed that provisions of SBD had not been followed while the evaluating the bids of contractors as instanced in the following test-checked cases.

2.3.11.1 Allotment of contracts to inexperienced contractors

The contractor has to fulfill the conditions as prescribed in the Standard Bidding Documents. To qualify for award of contract, each bidder should have in the last five years achieved in any one year a minimum financial turnover equivalent to 60 *per cent* of amount put to bid in case the amount put to bid is ₹two crore or less or the turnover equivalent to 75 *per cent* of amount put to bid, in case the amount put to bid is more than ₹two crore but less than ₹10 crore. Further the contractor should have satisfactorily completed as prime contractor at least similar work equal in value to one-third of the estimated cost of works (excluding maintenance cost for five years) for which the bid is invited.

Audit examination of records showed that the conditions prescribed in the SBD for necessary qualification of a contractor had not been followed by the Department while awarding contracts of road projects under the Programme. The construction work of 93 road projects with sanctioned cost of ₹380.70 crore had been allotted to 26 contractors at a cost of ₹347.67 crore during 2007-08 to 2011-12 by the Chief Engineers PMGSY Kashmir as well as Jammu who had no experience of construction of road projects and had also not fulfilled the basic conditions prescribed in the SBD as detailed in the ***Appendix-2.4***. Audit noticed that the contracts of these road projects had been allotted to Hot Mix Plant holders, Traders etc. who had no experience in construction of road projects. After this was pointed out in audit, the Chief Engineer, PMGSY Kashmir stated that the SBD nowhere prohibits the participation of registered Hot Mix Plant owners in bidding process of stage-I or stage-II of road projects if they fulfilled the eligibility criteria and that bituminous works were considered of similar nature of works for construction of stage-I roads. The reply was not tenable as bituminous works could not be considered similar to the works of stage-I of road projects which involved cutting of hills, construction of culverts/ bridges, protection works, cross drainage works etc. The Chief Engineer PMGSY Jammu stated (January 2013) that the contractor had not only executed works of fabrication and launching of bridges but also constructed complete bridge structure and that the statements furnished by the contractor were meant for ascertaining the bidding capacity and not for his experience of similar nature of works. The reply is not appropriate as the documents furnished by the contractor clearly indicate that the contractor had experience of fabrication and launching of steel bridges only.

2.3.11.2 Non-scrutiny of documents furnished by contractors

The Standard Bidding Document stipulate that all bidders should include and furnish with their bids the copies of original documents defining the constitution or legal status, place of registration and principal place of business, total monetary value of civil construction works performed for the last five years and experience in works of similar nature and size for the last five years etc. Audit check showed that the work for construction of 47 road projects had been awarded to seven contractors at a cost of ₹230.55 crore during the period from 2009-10 to 2011-12 after accepting documents from the bidders not of their own but of other entities which had nomenclature similar to the contractor bidding for the contracts and which include the certificates of turnover, experience etc. of other existing entities as detailed in the ***Appendix-2.5.*** The Commissioner Secretary during exit conference however assured of requisite enquiry of the matter.

2.3.11.3 Lack of transparency in allotment of contract

As per Standard Bidding Document the agreement between employer and the successful bidder is to be executed after performance security is furnished by the bidder. Test-check of records showed that construction of 42 road projects had been awarded to three contractors at a cost of ₹249.93 crore during the period from 2007-08 to 2011-12 to be completed within twelve months from the date of allotment of the contracts. Audit scrutiny of records, however, showed that instead of executing agreement with the contractors to whom the contracts had been allotted, the agreements were executed by the Chief Engineers PMGSY Kashmir as well as Jammu with the local representatives of these contractors. The construction work on these road projects started by the contractors through their local representative could not be completed within the allotted time due to deployment of inadequate machinery and engineering staff at the site of the work and because of dispute between the contractors with their local representatives as indicated in the ***Appendix-2.6***.

An expenditure of ₹102.96 crore had been incurred on the 42 road projects against allotted cost of ₹249.93 crore during the period from 2007-08 to 2011-12. The contracting companies/ firms had never involved themselves in the construction of these road projects but had sub-let the contracts to local contractors of the State. The Chief Engineer PMGSY Jammu stated (January 2013) that the contractor had authorized local contractor to execute agreements and that the firm had never applied for appointment of sub-contractor.

Audit further noticed that the construction of 24 road projects allotted (2008-09 to 2011-12) to the contractor which was abandoned (November 2011) due to a dispute between the contracting firm and his local contractor after incurring an expenditure of ₹44.78 crore on these road projects by Executive Engineers PMGSY Divisions Reasi, Kishtwar, Billawar, Thatri, Mahore and Ramnagar. The payment of ₹30.28 crore had been made to the contractor during the period from January 2011 to March 2013 after ignoring direction (December 2010) of the Chief Engineer to stop payments in the light of non-renewal of Bank guarantee of ₹4.13 crore and also after abandonment (November 2011) of the work of these road projects by the contractor. This resulted in irregular payment of ₹30.28 crore, besides, non-adherence to the directions by the programme implementation units.

The Chief Controller PMGSY JKRRDA stated (October 2013) that release of payments to firm for the works done was no where objectionable as huge amount had been lying against which recovery of bank guarantees would easily be effected. The reply was not acceptable as release of payment of ₹13.85 crore during November 2011 to March 2013 after abandonment of works was in no way justifiable.

2.3.11.4 Delay in finalization of contracts

The Standard Bidding Document envisage scheduled time period of 65 days for finalization of bid process from advertising of the Press Notice to the commencement of the work. Audit noticed that the organization had not adhered to the time schedule fixed for completion of bidding process and there had been delays ranging between 12 and 722 days in completion of bidding process in respect of 217 test-checked road projects. The delay in finalization of bidding process affected the timely completion of road projects necessitating their cost revision due to escalation in the cost of labour and material. The Chief Engineer PMGSY Kashmir attributed delays to non-holding of regular contract committee meetings due to pre-occupation of some members of the committee and because of non-conducting of examination of technical part of bids including verification of the documents. The reply was not acceptable as these issues were to be addressed earlier so that bidding process was completed within the scheduled time.

2.3.11.5 Irregularities in grant of mobilization and machinery advance

(i) The Standard Bidding Document stipulate that mobilisation advance up to five *per cent* of the contract price as well as equipment advance up to ninety *per cent* of the cost of new equipment brought to site subject to a maximum of 10 *per cent* of the contract price is to be made to the contractor against an unconditional bank guarantee in amounts equal to the advance payment. Test-check of records showed that the Chief Engineers PMGSY Jammu as well as Kashmir had made advance payment of ₹18.08 crore during the period from 2008-09 to 2010-11 in favour of 27 contractors for purchase of equipment and machinery on proforma bills without ensuring their actual receipts by the contractors, insurance and hypothecation in favour of the Department.

Audit further noticed that the Department had advanced ₹31.83 lakh in favour of the contractor against the machinery which was already hypothecated with the J&K Bank Limited Kulgam.

(ii) The Department had not formulated any mechanism for recovery of mobilisation and machinery advance in time bound manner from contractors. The records of the test-checked PIUs showed that out of ₹20.26 crore advanced to 56 contractors during October 2007 to October 2012 an amount of ₹11.21 crore only had been recovered leaving advance of ₹9.05 crore with the contractors (March 2013). The Executive Engineers stated that recovery of advances had been effected as per the provisions of guidelines.

(iii) Records of PIUs Doda, Pulwama, Anantnag, Baramulla and Kulgam showed that mobilisation and machinery advance of ₹3.04 crore in respect of 36 closed/ completed road projects, had not been recovered from the contractors resulting in undue benefits to the contractors. The Executive Engineers, PMGSY Division Kulgam, Doda, Pulwama, Baramulla and Anantnag stated (January to April 2013) that recovery of advance would be effected from the concerned contractors. Further progress in the matter was awaited (July 2013).

2.3.11.6 Non-verification/ Non-renewal of Bank Guarantees

The Guidelines issued (December 2007) by the Central Vigilance Commission and endorsed by the NRRDA (February 2008) envisaged that one officer should be specifically designated with responsibility for verification, genuineness, renewal and timely encashment of Bank Guarantees (BGs).The Department had not, however, designated any officer with the responsibility for verification, renewal and timely encashment of Bank Guarantees. Audit noticed that the BGs furnished by 27 contractors valuing ₹6.67 crore had not been verified with the records of the Bank and the Bank Guarantees of ₹43.43 crore had expired due to their non-renewal.

The Financial Controller PMGSY JKRRDA stated (October 2013) that action had already been initiated in such cases. It was stated that decision had been taken to retain equivalent amount in cases where bank guarantee had not been revalidated.

2.3.11.7 Non-recovery of liquidated damages

According to Programme guidelines a periodic inspection of works executed is to be carried out by the State Quality Monitors set up by the State Government. Audit examination of records of the Executive Engineer, PMGSY Division Rajouri showed that the work relating to upgradation of *Gulati* to *Galla* road was awarded to a contractor at a cost of ₹4.27crore in February 2010. The earthwork, cross-drainage (CD) works, Water Bound Macadam (WBM) works and protection works were executed by the contractor for which a payment of ₹2.84 crore was made to the contractor. The inspection of the road projects was subsequently conducted (May 2011) by the State Quality Monitor (SQM) which reported that the overall execution of work as unsatisfactory and recommended (May 2011) for its rectification. The contractor instead of rectifying defects stopped the work in May 2011. The Department did not initiate any action against the contractor for recovery of liquidated damages of ₹42.68 lakh for execution of sub-standard work. The Executive Engineer, PMGSY Division Rajouri stated that the decision regarding recovery of liquidated damages from the contractor was to be taken by the Chief Engineer PMGSY Jammu. The Financial Controller PMGSY JKRRDA stated (October 2013) that the Department would recover liquidated damages at the time of finalization of the scheme.

2.3.12 Programme implementation

Test check of records showed that the implementation of the programme in the State suffered by way of selection of inadmissible habitations for road connectivity, overlapping/ duplication of road works, upgradation works of existing roads and failure of the PIUs to provide encumbrance free land, clearance from the Forest Department and construct bridges in the alignment of roads as instanced in the succeeding paragraphs.

2.3.12.1 Construction of road projects in contravention of guidelines

Audit check of records showed that 163 road projects (sanctioned cost: ₹661.36 crore) had been executed at a cost of ₹375.72 crore during the period 2003-04 to 2011-12 in contravention of the Programme guidelines as indicated in **Table – 2.3.8.**

Table-2.3.8

Programme Guidelines	Deviations noticed
Road connectivity is to be provided to the eligible unconnected habitations in the rural areas only and as per guidelines habitations located at a distance of less than 1.5 Km were to be treated as connected habitations.	➢ ₹17.31crore was incurred on construction of 15 road projects in three PIUs (Anantnag, Baramulla and Pulwama) for providing connectivity to unconnected habitations during 2005-11. However, as per district-wise Core Network these unconnected habitations were already connected through link roads and were as such not to be treated as unconnected habitations. ➢ In four test checked PIUs (Anantnag, Baramulla, Pulwama and Kulgam), 51 road projects with length of each road in the range of 0.73 Km to 1.45 Km had been taken up and ₹ 33.18 crore were expended. This was despite the fact that the habitations intended to be connected through these road projects were located at a distance less than 1.5 Km from the connected habitations. ➢ Seven road projects falling within Srinagar municipal limits (Other than rural areas) had been taken up during 2008-12 and an expenditure of ₹8.65 crore had been incurred (March 2013) on the construction of these road projects.
To avoid over lapping/ duplication of road works, regular updating of Core Network in consultation with the Public Works (R&B) Department was to be ensured.	➢ Eight test-checked PIUs (Anantnag, Baramulla, Pulwama, Kulgam, Udhampur, Reasi, Rajouri and Doda) had taken up construction of 41 road projects from March 2007 to August 2011 despite the fact that connectivity of proposed was already under execution with the State Public works (R&B) Department during 2001-02 to 2010-11. While as an expenditure of ₹67.42 crore was incurred on these road projects under the programme, the executing divisions of the Public Works Department had also spent ₹ 83.15 crore on road works to provide connectivity to same habitations from State Plan budget and NABARD[18] loan assistance as detailed in the ***Appendix-2.7.***
Upgradation of existing roads is permitted only in those districts where all eligible habitations of the designated population size had been provided all weather road connectivity.	➢ The Department had taken up the upgradation of 50 existing roads in ten districts and incurred ₹ 249.01 crore thereon. This was despite the fact that 2720 habitations of the State had not been provided road connectivity as of March 2013.

2.3.12.2 Incomplete road projects due to land dispute and foreclosure of contracts

(i) The Programme guidelines envisage completion of road projects within a period of nine months from the date of issue of work order but not exceeding 12 calendar months in any case. Accordingly the Department was to ensure encumbrance free land to the contractors before commencement of work. Audit noticed that out of 1154 road projects, 464 road projects (40 *per cent*) taken up for execution during the period from June 2005 to December 2011 at a sanctioned cost of ₹2101.85 crore under Phase III to VII of the programme could not be completed within the stipulated period of time due to land disputes, non-clearance of road projects from the Forest Department, non-availability of take off points for road works etc. Even after delay of two to 81 months and incurring of expenditure of ₹949.06 crore, these road projects had not been completed as indicated in **Table-2.3.9**.

[18] National Bank for Agriculture and Rural Development

Table-2.3.9

(₹in crore)

Phase	No. of road projects sanctioned	No. of incomplete road projects	Sanctioned cost	Month of allotment of work of road project (Range)	Target date of completion of road project (Range)	Delay in months (Range)	Expenditure
III	62	12	23.30	June 2005 to September 2007	June 2006 to October 2008	11 to 81	19.09
IV	104	10	25.75	December 2006 to November 2009	December 2007 to November 2010	28 to 63	16.34
V	139	60	304.31	July 2007 to December 2010	July 2008 to December 2011	15 to 56	171.92
VI	400	149	781.73	December 2006 to April 2011	December 2007 to April 2012	11 to 63	373.88
VII	449	233	966.77	November 2010 to December 2011	November 2011 to January 2013	02 to 16	367.83
Total	**1154**	**464**	**2101.86**	**June 2005 to December 2011**	**June 2006 to January 2013**	**02 to 81**	**949.06**

The expenditure of ₹949.06 crore incurred on 464 road projects as of March 2013 was rendered unproductive as the habitations targetted to be covered had remained unconnected. The Chief Engineer, PMGSY Jammu stated (November 2012) that delay in completion of road projects was due to forest clearance and land disputes which were beyond the control of the Department. The reply was not acceptable as the certificate of availability of encumbrance free land was to be furnished by the Department while submitting the DPRs of the road projects for their sanction by the Government of India.

(ii) The programme guidelines envisage that State Government/ District Panchayats are responsible for ensuring availability of land for the road project. A certificate in this regard is to accompany the proposal for each road work. Audit noticed in five PIUs that without ensuring availability of encumbrance free land, clearance of the Forest Department, settlement of take off points of the road works etc; the work of 12 road projects (sanctioned cost of ₹56.09 crore) was allotted for execution during March 2006 to December 2007 for completion within 12 months from the date of allotment of contract. The contractors after incurring an expenditure of ₹35.06 crore on these road projects refused to carry out further execution at the allotted rates on the ground of steep hike in construction material and labour cost due to time overrun because of non-availability of land and forest clearance etc; for these road projects. The Organization foreclosed these contracts and relieved contractors of the contractual obligations rendering the expenditure of ₹35.06 crore unproductive *(**Appendix-2.8**)*.

The Financial Controller PMGSY JKRRDA stated (October 2013) that a decision with regard to land acquisition process to be completed prior to submission of DPRs to the GOI was taken in the recent SRRDA meeting and action thereon had been initiated.

2.3.13 Monitoring mechanism for implementation of projects

2.3.13.1 Monitoring

The Programme was monitored by the Government of India (GOI) through online Management Monitoring and Accounting System (OMMAS) through uploaded data of physical and financial progress of the Programme but monitoring of the programme had not been conducted at any level by the State Government. Audit noticed that external evaluation of the Programme required to be carried out periodically had not been got carried out either by the GOI or the State Government. As a result, the impact of the Programme in the State could not be ascertained.

2.3.13.2 Quality Control

The programme guidelines provide for maintenance of Quality Control Registers containing results of prescribed tests for each of the road works. Audit noticed that the Quality Control Registers had not been maintained for the road works executed under the programme by three test-checked PIU's (Anantnag, Doda and Reasi) and in absence of which conducting of quality control checks could not be ascertained. The guidelines further stipulate that only such roads would be reported as completed which had been cleared by the National Quality Monitors (NQMs)/ State Quality Monitors (SQMs). Audit noticed that inspection of only 101 road projects out of 219 completed road projects had been conducted by NQM and SQM during the period 2010-12. The records of inspections conducted by SQM in respect of road works in Kashmir Division had not been maintained.

The Chief Engineer PMGSY Jammu attributed (December 2012) non-conducting of inspections of all the completed road projects by SQM to satisfactory execution of works. The reply was not acceptable as the level of satisfactory execution of road works was to be decided by the SQMs/ NQMs. The Commissioner Secretary during exit conference stated that quality of construction of road projects had been monitored by the State Quality Monitors appointed amongst reputed retired officers.

2.3.14 Conclusion

The implementation of PMGSY programme in the State was not efficient as out of 4163 unconnected habitations only 1443 Habitations (35 per cent) had been connected as of March 2013 and 2720 habitations were yet to be connected. Due to poor progress in completion of road projects the second installment in respect of phase VI and VII had not been released by the GOI. The executions of road works were not taken up in accordance with the road length of the Core Network resulting in construction of either reduced or extra road lengths. The Organisation had ignored maintenance of roads completed under the programme. The contract management was not sound as the completion of bidding process was delayed and construction of road projects was allotted to inexperienced and ineligible contractors besides deficient tendering process led to subletting of contracts. The progress of the programme also suffered due to selection of inadmissible habitations for road connectivity, overlapping of road works, up gradation works of existing roads and failures of the PIUs to provide encumbrance free land, clearance from the Forest Department and to construct bridges in the alignment of roads.

2.3.15 Recommendations

The Government may consider to ensure:

- strict compliance of the PMGSY Guidelines.
- Proper and adequate survey for road projects and involvement of community members before preparation of detailed project reports.
- To ensure availability of encumbrance free land, clearance from the Forest Department etc; before submission of proposals for sanction of road projects by the GOI.
- To strength the contract system in the organization for ensuring selection of qualified and experienced contractors through efficient tendering process as per the programme guidelines.

The audit findings were referred to the Government in August 2013. The reply had not been received (January 2014).

TOURISM DEPARTMENT

2.4 Development of Tourism

The Department of Tourism Government of Jammu & Kashmir is a promotional and regulatory Department. There are 20 Development Authorities under the Department which have been entrusted with the responsibility of local development of tourist spots in the State. All commercial activities such as operation and management of accommodation in all Tourist Centres at Srinagar and Jammu Tourist Complexes, Huts and Tourist Bungalows at various resorts are dealt with by the Jammu and Kashmir Tourism Development Corporation Limited (JKTDC). Some important findings of the audit are as under:

Highlights

- **The State Government had not formulated short term and long term perspective plans on Tourism.**

(Paragraph: 2.4.6)

- **A system to keep watch on illegal constructions and unplanned development of the areas and to grant permission for development of land or construction of building was not in place.**

(Paragraph: 2.4.8.3)

- **Despite an increase of 71 *per cent* in tourist arrival during the year 2011-12 over the year 2008-09, the occupancy levels in the JKTDC facilities increased only by 16 *per cent* during the period.**

(Paragraph: 2.4.9.1)

- **Out of 38 projects sanctioned during the period 2008-11, only 19 projects were completed as of March 2013. There were excesses over original estimates to the extent of six *per cent* to 1400 *per cent* in 213 works. Six out of 21 schemes taken up under 12th Finance Commission award during 2006-10 at a cost of ₹11.30 crore had not been completed.**

(Paragraphs: 2.4.10, 2.4.10.1 and 2.4.10.3)

- **The assets created at 12 different tourist locations by incurring an expenditure of ₹15.55 crore were not in operation due to shortage of skilled manpower.**

(Paragraph: 2.4.11.2 (iv))

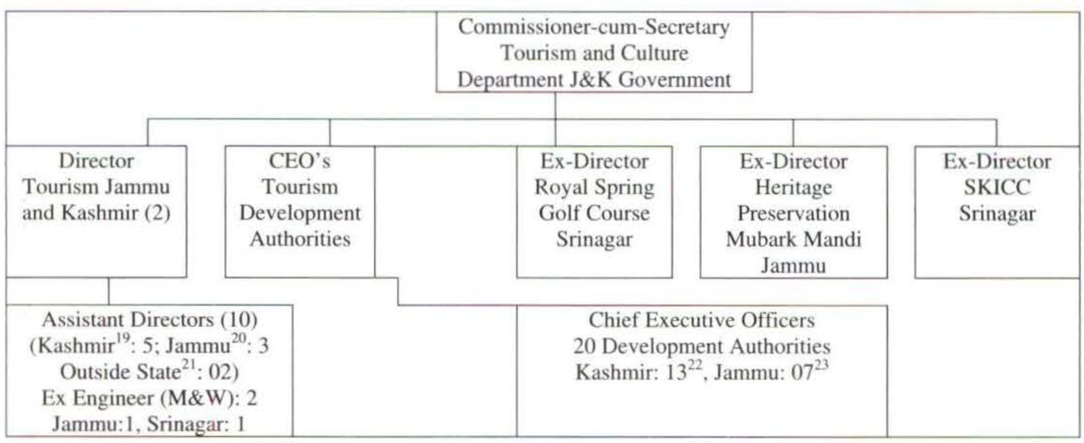
2.4.1 Introduction

The Department of Tourism, Government of Jammu & Kashmir is a promotional and regulatory Department. The Department functions under the overall administrative control of the Commissioner/ Secretary Tourism Department. There are 20 Development Authorities under the Department which have been entrusted with the responsibility of local development of tourist spots in the State. Besides, there is one Public Sector Undertaking, the Jammu and Kashmir Tourism Development Corporation (JKTDC), incorporated as a wholly owned Government Company which undertakes commercial activities like construction, operation and management of accommodation facilities, running of cafeterias/ restaurants, organization of food festivals and tour and travel activities in and outside the State.

2.4.2 Organisational structure

The organizational structure of the Tourism Department and the Development Authorities is given below.

Chart-I



The management of the JKTDC is vested in a Board of Directors (BoDs) comprising of eleven Directors including a Managing Director (MD) appointed by the State Government. The Hon'ble Minister, Tourism is *ex-officio* Chairman of the Board and the Managing Director is the Chief Executive of the Company. The administrative control of the Company lies with the Tourism Department.

2.4.3 Audit objectives

The Performance audit of tourism development activities of the Department, the Development Authorities and the Company was conducted to assess whether:

- proper planning existed for promotion, publicity and marketing of tourism;
- their financial management and asset management were efficient;
- implementation of projects/schemes by them was efficient, effective and economic; and

[19] Gulmarg, Kargil, Leh, Zanaskar, Pahalgam

[20] Katra, Batote, Rajouri

[21] Delhi, Mumbai

[22] Pahalgam, Gulmarg, Sonamarg, Kokernag, Verinag, Aharbal, Wullar-Manasbal, Yousmarg, Doodhpathri, Leh, Kargil, Zanaskar, & Lolab-Bungus-Drungyari Development Authority

[23] Bhaderwah, Kishtwar, Rajouri, Poonch, Surinsar-Mansar, Patnitop, Lakhanpur-Sarthal

- monitoring mechanism and internal control system was in place and was effective among them.

2.4.4 Audit scope and methodology

The Audit was conducted during January 2013 to July 2013 covering the period 2008-09 to 2012-13 by test check of records of the Tourism Department[24], 12 out of 20 Tourism Development Authorities, and 12 out of 55 units of JKTDC[25] units selected on simple random sampling basis. An entry conference was held with Commissioner–cum–Secretary Tourism Department on 16 April 2013 during which audit objectives, scope, criteria and methodology were discussed. An exit conference was held with the Secretary, Tourism and Managing Director, Jammu and Kashmir Tourism Development Corporation (JKTDC) on 17 January 2014. Responses of the department have been incorporated at appropriate places in the Report.

2.4.5 Audit criteria

The Audit objectives were benchmarked against the following criteria:-

- Programme implementation plans 2008 to 2013;
- Guidelines/ instructions/ sanctions issued by the State Government/ Government of India from time to time for implementation of various programmes/ schemes;
- The decisions taken in various Board/ State Government Meetings and annual performance reports;
- J&K Financial code and Book of Financial powers
- Programme guidelines of 'Product/ Infrastructure Development for Destinations & Circuits scheme'.

2.4.6 Planning process

(i) In order to meet the growing demand with the increase in tourist flow in the State a comprehensive tourism strategy and short term and long term perspective plans based on inputs provided through base line surveys carried out for identification of potential tourist destinations were required to be formulated by the Department. Apart from this, a vision document/ master plan to facilitate development of tourism while safeguarding the natural resources, heritage and physical environment was also to be prepared. The documents were to focus on places of tourist interest, tourist products, bottlenecks and areas of concern and also the data regarding flow of tourists.

Audit noticed that the State Government had not formulated a comprehensive tourism policy (October 2013). The work of preparation of vision document/ master plan

---

24 Administrative Department, two Directors of Tourism (Jammu as well as Kashmir), Six (out of ten) Assistant Directors Tourism, two Executive Engineers Maintenance and Works (Srinagar and Jammu), Royal Spring Golf Course, Heritage Preservation Mubarak Mandi

25 Head Office Srinagar, Regional Office, Jammu and 10 units[25] (out of 53 units) of the Company

allotted (January 2012) by the department to a firm[26] for completion within four months had not been completed as of June 2013. The firm had submitted draft final report for Kashmir during January 2013.

The Department had not conducted any baseline survey for identification of places to be developed as important tourist destinations/ circuits. Instead the Department had taken up development of various tourist places without conducting the baseline survey and without ascertaining feasibility of the tourist places.

The Ministry of Tourism,Government of India (GOI) prepared (2002) report for preparation of 20 years perspective plan for sustainable tourism in the State. The report was issued in June 2004 and accepted by the State Government in July 2004 but neither long term (20 years) nor short term (five years) perspective plans was formulated by the State Government.

Some instances of unplanned execution of the projects/ schemes have been brought out in the succeeding paragraphs.

(ii) The construction of Lakhanpur travellers mart comprising of building for boarding and lodging of tourists was sanctioned during 2005-06 under Lakhanpur-Basohli-Bani Sarthal circuit, and taken up (August 2012) by the Director Tourism Jammu at a sanctioned cost of ₹4.99 crore on 114.18 *kanals* of land acquired at Lakhanpur for this purpose. Audit noticed that the Lakhanpur-Sarthal Development Authority had also got sanctioned (February 2012) another similar project 'Construction of budgeted accommodation and other tourist infrastructure' at a sanctioned cost of ₹4.31 crore and had started (2012-13) execution of works on the same piece of land acquired for construction of travellers mart by the Tourism Department. Both the projects had similar components like bed rooms, suit rooms, kitchen, lobby, dining hall etc and the work on the projects was going on as of June 2013. The construction of two buildings at same place without ascertaining the requirement and impact assessment is indicative of lack of planning and coordination among different executing agencies of the Department as well as poor internal control mechanism.

(iii) Tourist complex at Kandi was constructed during the year 2012-13 at an expenditure of ₹55 lakh by the Rajouri Development Authority. Despite the fact that the infrastructure created could not be put to use due to lack of any tourist activity, the Authority took up construction of another Tourist Reception Centre (TRC) at Kotranka at an estimated cost ₹50 lakh during 2012-13.

(iv) The Department had not maintained any data regarding number of tourists who visited new tourist destinations viz Sarthal, Basohli, Bani, Rajouri, Poonch, Kishtwar etc. and number of tourists who stayed there for at least 24 hours to ascertain the impact of investment made for promotion of tourism. The Department did not have any appropriate system of counting the tourists on its own visiting tourist destinations of the State and the data is based on number of people visiting there by

26 M/S Tata Strategic Management Group

airlines and through buses and taxies which was not reliable as the local people also travel through airlines, buses and taxies. The Director Tourism, Jammu stated that due to paucity of staff it is not possible to maintain data of tourists visiting newly created tourist destinations.

2.4.7 Financial Management

The funds are received by the Department as Non-plan, Plan and for Centrally Sponsored Schemes from the Government. The Non-plan funds are released by the State Finance Department and cover revenue expenditure. The Plan funds are released by the State Planning Department and mostly cover expenditure of capital nature comprising minor repair and maintenance works and also revenue expenditure of new Development Authorities. Funds under Centrally Sponsored Schemes (CSS) including 12th and 13th Finance Commission awards, which cover expenditure of capital nature, are released by GOI to the State Government and thereafter the same are released by State Government (Administrative Department) to the implementing agencies.

Audit noticed that the information regarding year-wise releases of funds under Centrally Sponsored Schemes to the implementing agencies and expenditure incurred thereagainst had not been maintained by the Administrative Department. However, based on the departmental records, the figures compiled by Audit were forwarded (July 2013) to the Administrative Department for confirmation, which was awaited as of December 2013. The position of funds released and expenditure incurred thereagainst by the Department during 2008-09 to 2012-13 is given in **Table 2.4.1**.

Table-2.4.1

(₹in crore)

Year	Allocation			Expenditure			Excess/Savings		
	State Budget			State Budget			State Budget		
	Non-plan	Plan	CSS[27]	Non-plan	Plan	CSS	Non-plan	Plan	CSS
2008-09	32.73	102.55	71.51	32.26	98.75	50.58	(+) 0.47	(+) 3.80	(+) 20.93
2009-10	36.26	90.26	38.62	35.41	112.10	28.59	(+) 0.85	(-) 21.84	(+) 10.03
2010-11	42.04	109.47	42.11	40.75	99.12	33.88	(+) 1.29	(+) 10.35	(+) 8.23
2011-12	50.28	127.03	64.43	53.82	127.02	27.77	(-) 3.54	(+) 0.01	(+) 36.66
2012-13	57.72	118.27	32.75	55.49	117.55	1.06	(+) 2.23	(+) 0.72	(+) 31.69
Total	**219.03**	**547.58**	**249.42**	**217.73**	**554.54**	**141.88**	**(+) 1.30**	**(-) 6.96**	**(+) 107.54**

Following further points noticed on financial management are discussed as follows:

2.4.7.1 Incorrect reporting of expenditure

The funds for the Centrally Sponsored Schemes (CSS) "Product/ Infrastructure Development for Destinations & Circuits (PIDDC) scheme" are released by the Government of India (GoI) in three instalments. The first instalment being 20 *per cent* of the approved central financial assistance at the time of sanction of the project and 60 *per cent* after the start of execution of the project and balance 20 *per cent* is in the form of reimbursement after completion of the project/ issue of utilization certificate for the total sanctioned amount of central financial assistance. Audit scrutiny of records of the Directorates of Tourism Kashmir as well as Jammu showed that

27 Includes releases under 12th and 13th Finance Commission award

without completion of the projects and incurring expenditure in full, utilization certificates were submitted to the Administrative Department by the Development Authorities as instanced in **Table-2.4.2.**

Table-2.4.2

(₹ in lakh)

S No	Name of the scheme/ project	Year of sanction	Sanctioned Amount of the Project	Amount released by GOI	Expenditure incurred (December 2012)	UCs submitted	Difference
(a)	(b)	(c)	(d)	(e)	(f)	(g)	= (g) – (f)
1.	Shivkhori	2005-06	411.51	329.00	329.00	411.51	82.51
2.	Jia Potha river Akhnoor	2007-08	434.00	347.20	347.20	434.00	86.80
3.	Shrine NOU Pindia	2007-08	283.39	226.71	226.71	283.39	56.68
4.	Shrine of Peer Kho	2009-10	350.00	280.00	280.00	350.00	70.00
5.	Shrine Baba Chamlayal	2009-10	159.81	127.85	127.85	159.81	31.96
6.	Gurez	2007-08	365.69	292.55	292.21	365.69	73.48
7.	Ladakh	2005-06	497.00	397.33	367.00	497.00	130.00
8.	Bungus	2006-07	231.28	185.00	185.00	231.28	46.28

As would be seen from the above table, the utilisation certificates (UCs) had been submitted for the amount sanctioned for the scheme/ Project during the year instead of actual expenditure incurred against sanctioned amount and the amount released for the projects. The wrong submission of UCs resulted in incorrect reporting of expenditure which was in the range of ₹32 lakh and ₹1.30 crore in respect of these eight schemes/ projects. The schemes/ projects which were to be completed within a period of 18 to 24 months after allotment were incomplete due to non-availability of land and delayed release of funds by Central and State Government. After this was pointed out in audit the Director Tourism Jammu stated that utilization certificates were submitted to Administrative Department as per urgency shown for release of funds so that the pace of works could not be hampered and work would be completed within stipulated time. However, the fact is that the Department had communicated wrong expenditure figures to the GOI.

2.4.7.2 Diversion of funds

Audit scrutiny of records showed that ₹6.67 crore relating to six projects ***(Appendix-2.9)*** from centrally sponsored projects and plan schemes was diverted by the Director Tourism Kashmir/ CEO Mansbal Development Authority, towards purchase of furniture, fixture, organizing events and other schemes during 2008-09 to 2012-13. The diversion of funds had resulted in non-completion of the projects for which these were sanctioned.

2.4.8 Functioning of Development Authorities

The deficiencies noticed during test check of records of the Development Authorities are discussed below:

2.4.8.1 Deficient Accounting mechanism in Development Authorities

All the Development Authorities (DAs) are dependent upon funding from the Central and State Governments to meet day to day expenses and capital investment. The DAs also generate revenue on account of sale of tender forms, outsourcing of assets, entry fee and interest on deposits with Banks etc. The framework for revenue realization and utilization thereof by the DAs had not been finalized by the State Government with the result the DAs had utilized the revenue realized for payment of wages, office expenses, hiring of vehicles etc. on their own. Audit noticed that out of 12 test-checked DAs, only one DA Patnitop had finalized its annual accounts (2011-12) in pursuant to the Development Act. The instances of lapses in monitoring and recovery of revenue from the let-out property by the DAs are detailed below:

- The Pahalgam Development Authority constructed 11 shops at Ashmuqam and allotted (July 2007) the same to the beneficiaries but no rent had been recovered from the allottees which had accumulated to ₹24 lakh during the period from July 2007 to December 2012. It was seen that the department had not executed any rent deed with shopkeepers, which was one of the reasons for non-recovery of the rent. The Authority stated that steps would be taken to execute the rent deeds with shopkeepers and to recover the outstanding revenue.

- Similarly, 26 shops constructed at Meena-Bazaar, Pahalgam were allotted (June 2006) for a premium of ₹1.08 lakh per shop without assessment of monthly rent. It was only in April 2010 that the rent assessment committee worked out the recoverable rent of shops at ₹51 lakh up to December 2012 which had not been recovered (June 2013). The CEO Pahalgam Development Authority stated that steps would be taken to recover the rent from the shopkeepers.

2.4.8.2 Non-finalization of Master Plans

As per the Development Act 1970, it was mandatory for the DAs to carry out a survey for preparation of a master plan for development of notified areas under the Authority. The local area was to be defined into various zones for the purposes of development. The plan was to indicate the manner and stages for carrying out development of all the identified areas by the DA in a time-bound manner and also to levy building permission fees and other taxes to generate own financial resources. However, out of 20 DAs only five DAs (Pahalgam, Gulmarg, Patnitop, Kokernag and Bhaderwah) had finalized their Master plans. Audit further observed that none of the DAs in the State had submitted Zonal Development Plans to the Administrative department for approval.

2.4.8.3 Non-regulation of building permission

As per the Development Act, no person including the Department of Government shall undertake or carry out development of any land or building in the Zone or authority area unless permission for such development has been obtained in writing from the Authority. Audit observed that a proper system for grant of permission for development of land or construction of building was not in place to keep watch on illegal constructions and unplanned development of the areas. The system was not in place either due to lack of Master and zonal plans or improper implementation of plans (wherever in place) caused due to objections and sub-judice cases etc. Audit noticed that despite availability of information relating to un-authorised constructions/ illegal encroachments in Manasbal and Gulmarg, the Authorities had not been able to take appropriate action due to absence of a proper mechanism in this regard. The non-enforcement of provisions of the Development Act had resulted in unplanned development of the areas and non-realisation of revenue to these authorities. The Authorities stated that though illegal constructions are being looked upon but due to shortage of manpower particularly Khilaf Verzi Officer[28], it was not possible to monitor the illegal constructions.

2.4.9 Operational performance of JKTDC

(i) The Company is engaged in the construction, maintenance, operation of hotels and motels, cafeteria, restaurants and provision of transport facilities to the tourists. As on 31 March 2013, the Company was running 53 hotels/ hutments/ cafeterias/ tourist establishments/ tourist bungalows in the State. The operational performance of the working establishment of the Company during 2010-11 to 2012-13 is given in the **Table 2.4.3.**

Table-2.4.3

		Profit making units		Loss making units	
Year	No. of working units	Number	Amount (₹in crore)	Number	Amount (₹in crore)
2008-09	45	22	6.39	23	1.49
2009-10	46	14	4.59	32	5.02
2010-11	54	15	6.02	39	4.63
2011-12	54	18	6.73	36	4.64
2012-13	53	21	11.55	32	3.72

The number of units incurring losses decreased from 39 during 2010-11 to 32 during 2012-13 while as the profit making units increased from 15 during 2010-11 to 21 during 2012-13. The total operational losses suffered by these units aggregated to ₹12.99 crore and the profit earned by the units aggregated to ₹24.30 crore during the period 2010-13.

(ii) As per valuation carried out by the Engineering Wing of the Company in June 2011 at 40 different locations, the Company (JKTDC) possessed assets worth ₹136.33 crore. Audit check of records showed that land assets of the Company had not been mutated in its name (June 2013). Besides, the books of accounts of the Company did not portray the true and fair view of the asset holdings of the Company. Scrutiny of records showed that the Company has not prepared assets register disclosing all the location details along with land holdings. The huge land assets of the Company upon which the buildings had been constructed or which was appurtenant thereto had not been physically verified and got mutated in the name of the Company (June 2013).

[28] Anti encroachment officer

Thus, huge land reserves at various prime locations owned by the Company had not been demarcated and chances of land having been encroached were real. In absence of this information the books of accounts did not portray the true and fair view of the asset holdings of the Company.

(iii) The officers of the State Government are lodged in the Hotels/ huts/ facilities of the Company at TRC Srinagar, Cheshmashahi huts, Hotel Heemal and Lalarukh in Srinagar city (May-October) and TRC Jammu in Jammu city (November-April). The Director Estates is the nodal agency for fixing and payment of rentals to the Company. There was a huge gap between the normal tariff fixed by the Company and tariff allowed by the Estates Department. A test-check of three locations in Srinagar showed the variation as given in **Table- 2.4.4.**

Table-2.4.4

Name of the Hotel/ Huts	Normal Tariff fixed by the Company	Tariff of Estates Department
Cheshmashahi Huts		
Three Double Bed Room Huts	10,000	1800
Two Double Bed Room Huts	8,000	1450
One Bed Room Huts	6,000	1200
TRC Srinagar/ Hotel Heemal		
Double Bed Rooms	3500	1450
Hotel Lalarukh	2800	900

As would be seen the variation in the normal tariff and the tariff of the Estates Department in respect of the above referred accommodation was between ₹1900 and ₹8200 per room/ hut for single day. The Company had been persistently requesting the Government to vacate the huts or alternatively raise the tariffs but no action had been taken in this regard (August 2013). The Committee on Public Undertakings had directed (July-August 2012) the Company to get the accommodation (Huts) at Cheshmashahi vacated in a phased manner within a period of six months. However, no action had been taken by the Company/ Government on the directions of the Committee and the accommodation continued to be under the occupation of State Government employees (August 2013).

(iv) The Company (JKTDC) had hired out six hotels/ huts to various Government Departments/ security agencies since the year 1990. The records showed that an amount of ₹67.35 crore was outstanding as of April 2013 against these agencies for the period ranging from one year to 23 years on account of boarding and lodging charges. There was no system of raising bills at the end of each month, making reconciliation with the hiring department and monitoring recoveries. Despite setting up of the recoveries Cell, there was total lack of co-ordination between the Finance and the Recoveries wing. The deductions made from the claims preferred by the Company had not been investigated and taken up with the respective departments. The claims for the months of July 2012, August 2012 and March 2013 to the extent of ₹41.59 lakh raised by the Company were disallowed by the Estates Department which had not been reconciled/ investigated by the Company.

(v) The Company (JKTDC) leased out (October 2003) its three units viz. Tourist Complexes at Dayalachack, Jaghar Kotli and Lakhanpur to a private operator M/S Ashvick Consultants for running them as restaurants on a minimum monthly rent of ₹31,500, ₹52,500 and ₹18,500 respectively for a period of five years. The lessee after two months of execution of lease agreement/ deed represented for extension of lease beyond a period of five years on the ground that he had already incurred ₹63 lakh on renovations on three units and further planned to spend ₹13.50 crore and that it was difficult to recover back such a huge investment in such a short lease span of five years. Based on the representation of the lessee and without verifying the work actually executed by the lessee, the Company modified (May 2004) the original lease agreement and extended the period of lease from five years to 25 years. The committee of officers nominated (August 2009) after a lapse of five years of the lease agreements reported that the lessee had made investment of ₹2.50 lakh only by effecting very minor modification at the aforesaid units. Thus, extension of lease without verification of the actual claim of the lessee resulted in undue favour to the lessee.

2.4.9.1 Tourist inflow and occupancy levels

(i) The rooms available and rooms rented out by the Company during the years 2008-09 to 2012-13 is indicated in **Table-2.4.5**.

Table-2.4.5

(Number in 'lakh' and amount in 'crore')

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Number of tourists who visited the State[29]	76.93	92.89	100.21	131.43	NA
Domestic	76.38	92.34	99.73	130.71	NA
Foreign	0.55	0.55	0.48	0.72	NA
Total Room days available	3.04	3.15	3.19	3.20	3.23
Total Room days rented out	1.4	1.52	1.45	1.62	1.68
Room days rented out to Government employees	0.62	0.73	0.76	0.82	0.78
Percentage of Occupancy	46	48	45	51	52
Total Room rent earned	13.10	15.15	17.78	22.59	25.20
Room rent earned from accommodations hired to the State Government	5.40	6.98	7.92	8.64	8.76

Thus, as against an increase of 71 *per cent* in tourist arrival during the year 2011-12 over the year 2008-09, the occupancy levels in the Company facilities increased only by 16 *per cent* during the period showing that the Company could not keep pace of its development of facilities with tourist arrivals over last five years. Against 7.67 lakh rooms rented out by the Company during the period 2008-13 a total of 3.71 lakh rooms (48 *per cent*) were rented out to the Government employees through State Estates Department. Further out of total room rent of ₹93.82 crore earned during the period 2008-13 on rented out rooms, the Company earned rent of ₹37.70 crore (40 *per cent*) from the States Estates Department. Thus overall share of the Company in the

[29] The position of tourist arrivals is for the calendar year (January – December)-wise.

State tourism industry was meager. The Company recorded 92 *per cent* increase in its revenue from room rent during the period which was mainly due to revision in tariff rates.

(ii) The number of hotels operated by Company and their occupancy levels during the years 2008-09 to 2012-13 is indicated in **Table 2.4.6.**

Table-2.4.6

Year	2008-09	2009-10	2010-11	2011-12	2012-13
Number of hotels operated	26	26	25	25	28
Number of hotels having occupancy over 60 *per cent*	6	4	2	4	6
Number of hotels having occupancy ranging from 20 *per cent* to 60 *per cent*	15	16	15	16	14
Number of hotels having occupancy below 20 per cent	5	6	8	5	8

The number of hotels ranging between two and six had the occupancy of over 60 *per cent* during the period 2008-09 to 2012-13 while as 14 to 16 hotels had the occupancy ranging between 20 *per cent* and 60 *per cent* and 5 to 8 hotels had the occupancy below 20 *per cent* during the period. Audit noticed that the Company had not compiled data at the Head office level regarding facilities availed by domestic/ foreign tourists in various hotels/ huts of the Company.

2.4.9.2 Food Cost

The Company had been maintaining catering facilities at 40 units as on 31 March 2013 in the State. The rates of food items offered at these units are revised periodically by the Head office of the Company. The overall cost of food items was controlled by fixing limits of cost of raw material for each unit. Audit noticed that in nine units (Gulmarg, Sonamarg, Pahalgam, Cheshmashahi, Hotel Heemal, TRC Srinagar, Patnitop, TRC Jammu and Yatri Niwas/ TB Katra) the Company had fixed the norm for the food cost ranging between 26 *per cent* and 33 *per cent* of the sale price. However the percentage of food cost in the sale price ranged between 28 and 86 in these units which was more than the permitted cost limit norms fixed by the Company resulting in extra expenditure of ₹40.37 lakh on food cost during the period 2008-12. The Company had neither analysed the reasons for extra expenditure nor taken steps for rationalization of the input cost.

2.4.9.3 Lack of proper tourist promotion strategy

Advertisement and Publicity is necessary for the promotion of Tourism business. The Company had not framed any marketing strategy or plan in collaboration with industry and local stakeholders to improve tourist perception. The requisite market research and surveys have not been done at regular intervals to formulate marketing strategies. The Company had incurred expenditure on advertisement/ publicity during 2008-13 ranging between ₹6 lakh and ₹17.19 lakh (0.26 and 0.50 *per cent* of the revenue respectively) during these years. The General Manager (Administration) of the Company stated (March 2013) that the advertisement/ promotion activities were the mandate of Tourism Department and over a period of time it had been observed that the Tourism Department had not advertised the properties of the Company.

2.4.10 Programme Implementation

During the period from 2002-08, 55 projects were sanctioned at a cost of ₹181.50 crore by the Ministry of Tourism, Government of India (GoI) under the scheme "Product/ Infrastructure Development for Destinations & Circuits (PIDDC)". An amount of ₹163.95 crore was released upto March 2013 against which an expenditure of ₹173.15 crore was incurred as of March 2013. Audit noticed that out of these 55 projects, 49 were completed, three projects were closed and three[30] projects were under implementation (March 2013). During the period under review (2008-13), 88 new projects/ works were taken up for execution at a sanctioned cost of ₹397.34crore and an expenditure of ₹106.23 crore had been incurred (March 2013) against released amount of ₹177.98 crore as shown in **Table-2.4.7.**

Table-2.4.7

S.No.	Year	No. of Projects		Sanctioned cost	Amount Released	Expenditure up to March 2013	Status as of March 2013			
							completed	closed	ongoing	
1.	2008-09	09	38	29.74	24.71	22.61	4	-	05	19
2.	2009-10	14		30.63	26.58	22.68	7	1	06	
3.	2010-11	15		54.72	40.94	32.55	7	-	08	
4.	2011-12	26		168.38	62.11	27.58	-	-	26	
5.	2012-13	24		113.87	23.64	0.81	-	-	24	
	Total	**88**		**397.34**	**177.98**	**106.23**	**18**	**1**	**69**	

It was seen that of the 38 projects sanctioned during the period 2008-11 with date of completion upto March 2013, 19 projects (50 *per cent*) were incomplete as of March 2013. As per guidelines of PIDDC, the State Government had to provide encumbrance free land for construction of projects and has to incur 20 *per cent* of the cost of projects reimbursable by the GOI after completion of projects and submission of utilization certificates. Audit check showed that five[31] incomplete projects sanctioned during 2008-11 had been delayed due to non-acquisition of land and non/ delayed release of last instalment of 20 *per cent* of the project cost by GOI because of non-submission of utilization/ completion certificates. Audit check of records showed deviations/ deficiencies in execution of works/ projects as discussed below:

2.4.10.1 Unrealistic estimation of works

As per the delegation of financial powers the Chief Engineer (CE), Superintending Engineers (SEs) and Executive Engineers (EEs) are empowered to sanction excess to the extent of five *per cent* over the original estimates. Audit scrutiny of records in nine test-checked units showed that excesses over original estimates had been allowed beyond the permissible limit of five *per cent* in 213 works and the excess ranged

[30] 'Integrated circuit development Lakhanpur-Basohli Sarthal', 'Jammu Rajouri and Poonch Circuit' and 'Improvement of sanitation system at Pahalgam'

[31] Development of Lakhanpur-Basohli-Bani-Sarthal circuit, Dev. of Jammu- Rajouri and Poonch circuit, Construction of TRC complex at Sarthal Deviji, Development of Bagh-I Gulistan park at Jogi Gund Achhabal, Improvement in existing sanitation system in Pahalgam

between six to 1400 *per cent* in disregard of the above provisions as shown in **Table-2.4.8.**

Table-2.4.8

(₹ in lakh)

S. No	Name of the Authority/ Division	No of works	Period	Original cost of works	Expenditure cost of works	Range of excess over estimates (*percentage*)
1.	Pahalgam	15	April 2011 to December 2012	344.20	460.37	12 to 316
2.	Kokernag	62	April 2011 to March 2013	351.86	623.78	11 to 1400
3.	Mansbal	90	April 2008 to November 2012	530.57	826.96	6 to 1293
4.	Sonamarg	6	April 2011 to December 2012	93.84	130.45	20 to 108
5.	Gulmarg	28	April 2008 to March 2013	166.92	311.90	10 to 404
6.	Kargil	2	April 2011 to March 2013	19.06	31.00	16 to 346
7.	Surinsar Mansar	3	April 2009 to March 2011	32.22	59.85	29 to 50
8.	Lakhanpur Sarthal	2	April 2009 to March 2011	24.62	35.74	20 to 36
9.	Dy. Director (M&W) Jammu	5	April 2010 to March 2012	86.45	247.51	43 to 81
Total		**213**		**1649.74**	**2727.56**	

It was seen that execution of additional/ extra quantities of different components of works against sanctioned estimates had resulted in these excess and the same had been allotted on approval basis to the same agencies/ contractors. In reply, the Development Authorities (DAs) stated that these works were allotted as per codal provisions, but during execution of works, due to public demand, the works were extended and allotted to the same contractor on the previously approved rates, terms and conditions. The reply is not tenable as the excesses over the original estimates were allowed beyond the permissible limits and that additional/ extra quantities of different items of works were got executed without ensuring competitions through tendering process.

2.4.10.2 Execution of works without administrative approval/ technical sanction

Audit check of records of Dy. Directors (M&W) Jammu and Srinagar showed that 150 works under the State Plan had been executed at a cost of ₹19.07 crore during the period 2011-13 without accord of administrative approval and technical sanction. Similarly, 36 works valuing ₹7.94 crore had been executed by the Works Division of the Company (JKTDC) during the period 2009-13 without obtaining technical sanction.

2.4.10.3 Delay in completion of works

Tourism Department

(i) Under 12th Finance Commission Award (2007-12), 21 schemes/ works with an approved cost of ₹35.83 crore were taken up during the period 2006-07 to 2012-13 for augmentation of the existing infrastructure. An amount of ₹26.05 crore was released for these schemes, against which an expenditure of ₹24.13 crore had been incurred during the years from 2006-07 to 2012-13. Audit noticed that six out of 21 schemes, taken up during 2006-07 to 2009-10 at a cost of ₹11.30 crore were not completed as of March 2013 and the delay in completion in respect of three schemes was due to failure of the Department to utilize the available funds and dispute at site as detailed in **Table-2.4.9.**

Table-2.4.9

S. No	Project	Reasons for non completion
1.	Development of "Dara Shukoh Hamam and Sarie near Mul Akhoon Mosque"	Out of ₹42.50 lakh released during 2007-11, ₹27.50 lakh only was incurred on the project during 2009-10. No further expenditure had been incurred and work could not be completed due to dispute with the local administration/care taker of Hamam.
2.	Development of 'Tourist infrastructure at Kargil and Sankoo'	Out of ₹1.03 crore released during 2008-09, ₹20 lakh only had been expended and the balance amount of ₹82.50 lakh had lapsed, which had not been revalidated as of March 2013.
3.	'Restoration of Gompas in Zanskar'	Out of ₹35 lakh allotted during 2008-09, ₹13 lakh only was incurred and balance unspent ₹22 lakh had not been got revalidated as of 2012-13.

(ii) In order to meet the problem of trained manpower gap in the hospitality sector due to its growing demand, two schemes viz the 'Assistance to Food Craft Institute' and 'Capacity Building for Service Providers' were launched (January 2008) by the GoI with the objective to create and upgrade adequate institutional infrastructure for training and certification of manpower resources by conducting short duration courses covering food and beverage, food production, house keeping etc under *Hunar-se-Rozgar*, hospitality trainer programme, training of teachers, earn while you learn, etc. For establishment of the Food Craft Institute at Bhagwati Nagar Jammu, the GoI sanctioned proposal of the Director Tourism Jammu at a cost of ₹4.83 crore and funds amounting to ₹two crore were released (February 2008) for this purpose.

Audit observed that owing to lack of decision about the site of establishment of the Institute due to problems in acquisition of land at two identified sites viz., Bhagwati Nagar Jammu and Dhummi-Akhnoor, the Institute had not been established as of March 2013. The State Government had however belatedly transferred (December 2012) State land at Dammi Nagrota for construction of the Institute. The Department was organizing short term courses of six to eight week duration in housekeeping and food production from the make shift arrangement at Bhagwati Nagar Jammu for which ₹27.50 lakh had been released out of funds received from the GoI. Thus, delay in acquisition of land and non-sanction of manpower had resulted in non-establishment of the Craft Institute for a period of more than five years which not only deprived the youth to upgrade hospitality skills and employment opportunities but also non-utilisation of balance funds of ₹1.73 crore and non-availing of balance assistance of ₹2.83 crore from GoI for a period of more than five years.

(iii) A proposal for remodeling of oldest Raghunath Bazar as heritage bazar was mooted (2008-09) by the Director Tourism Jammu in accordance with the estimates of the line department by way of modernization of power distribution network, underground sewerage system, shifting of BSNL cable, paving the entire formation width of bazar using bitumen, mastic sheets on pavement and deori stone on the footpath, installation of fire hydrants and public posts (PPs) at a cost of ₹5.78 crore.

For this purpose, the Department received funds amounting to ₹3.01 crore under State Plan during the period 2009-13 which were advanced to PDD (₹1.92 crore), PWD (₹0.95 crore) and PHE (₹0.14 crore). The PDD and PHE divisions incurred expenditure of ₹1.64 crore on procurement of 630 KV transformer, PVC cable and laying of pipes etc. The project, which should have been completed within one year, could not be completed (January 2013) due to non-finalization of design of ornamental moulding, PPs and fire hydrants besides non providing of bitumen mastic sheets and deori stone by PWD as a result the cost of project was revised (August 2012) to ₹6.67 crore. Further, the work of laying of underground cable had not been executed by the BSNL. Thus, lack of coordination between different agencies and non-finalization of designs resulted in delay in completion of project for a period of more than four years besides locking up of funds to the extent of ₹1.37 crore with the executing agencies (January 2013). In reply the Director Tourism Jammu stated that four agencies were involved in the execution of the work and the works were inter related and that for better coordination between the departments and to speed up the pace of work a monitoring committee headed by Divisional Commissioner was constituted (July 2008). The fact, however, remains that slow pace of work had resulted in considerable delay in completion of the project.

(iv) The GoI sanctioned (September 2007) an IT project for upgrading website and to provide IT tools to tourism professionals for marketing and publicizing the tourism products at a cost of ₹one crore to be shared with the State Government on 50:50 basis. The GoI released ₹40 lakh to the State Government and balance central share of ₹10 lakh was subject to furnishing of UCs for the first release. The project involved procurement of satellite imagery of the State from the National Remote Sensing Agency (NRSA) and creation of a GIS based tourist information network for the convenience of tourists. Audit scrutiny of records showed that except for belated purchase (December 2009) of a software at a cost of ₹13 lakh and of equipment for ₹3.44 lakh (March 2010) no progress had been made in implementation of the project as of March 2013 and the balance funds received from the GoI continued to remain unutilized. The software and equipment purchased had also not been put to use.

Development Authorities

(i) The project for the Development of Brangi gardens at Bidhar Kokernag as tourist destination was sanctioned by the Ministry of Tourism, GoI in December 2011 at a cost of ₹3.76 crore for completion within two working seasons and ₹75.14 lakh had been released as 1st instalment for implementation of the project.

It was seen that owing to objections raised (March 2012) by the Fisheries Department, which claimed ownership of the land proposed for the project, no work could be executed at site and the department relocated (October 2012) the project to another location Bidder Hayat-pora, Kokernag. Though the relocation was without the approval of GoI, neither any expenditure was incurred nor any tendering process was initiated as of March 2013. Thus, the Department could not implement the developmental projects despite receipt of funds from the Government of India.

(ii) A scheme for the development of 12 villages in Pahalgam, by way of construction of lanes, drains, link roads, parking places, steps and retaining walls, besides, construction of bathrooms and culverts was approved (2003-04) under State Plan at a cost of ₹9.89 crore. Audit scrutiny of records showed that despite lapse of nine years works to the extent of 11 *per cent* to 78 *per cent* had been completed incurring an expenditure of ₹3.24 crore as of March 2013 indicating slow pace of works. It was further seen that works had also been executed in two villages at an expenditure of ₹31.92 lakh which were outside the scope of the project. The CEO, Pahalgam Development Authority stated that meager allocation from ₹20 lakh to ₹50 lakh were being released annually for the scheme which hampered execution of the project works.

(iii) The Pahalgam Development Authority (PDA) took-up (2004-05) construction of a shopping complex comprising of 94 shops at a cost of ₹2.61 crore for allotment to existing dislocated shopkeepers, villagers living in Pahalgam villages and also to the general public. The project was targeted to be completed within 1½ years and thereafter to be allotted on premium/ monthly rent fixed by the Authority. Audit observed that despite lapse of eight years, the complex had not been completed (March 2013). Against a target premium of ₹6.72 crore receivable from allottees of shops, ₹3.71 crore had actually been received by the Authority as the allottees had refused to pay full premium amount due to delay in handing over of shops. Audit observed that the delay in completion had resulted in loss of recurring rent of ₹1.77 lakh per month to the Authority. The CEO stated that the shopping complex stood almost completed now and steps would be taken to direct the shop keepers to deposit the balance amount of bid.

Tourism Development Corporation (JKTDC)

(i) The GoI (Ministry of Tourism) sanctioned (2009) four projects for construction of budgeted accommodations at Gulmarg, Pahalgam, Yousmarg and Sonamarg at an estimated cost of ₹15.22 crore. Funds to the tune of ₹7.74 crore were received by the Company (JKTDC) between August 2009 and September 2012 from the GoI (Ministry of Tourism) under centrally sponsored scheme 'Product/ Infrastructure Development for Destinations and Circuits' for construction of these projects. Audit scrutiny showed the following:

- There was significant delay in allotment of work of these projects ranging between 20 and 43 months from the date of receipt of funds. None of the four projects had been completed as of March 2013 despite availability of financial assistance from the GoI. Of the total amount of ₹7.74 crore, an expenditure of ₹3.20 crore (41 *per cent*) only had been incurred and the works of these budgeted accommodations to the extent of 59 to 100 *per cent* were incomplete as of April 2013 and funds to the extent of ₹4.54 crore remained unutilized with the Company for the period ranging between 28 and 42 months. The delay in completion of works resulted in non receipt of balance funds of ₹7.48 crore from the GoI.

- The Company was unauthorisedly constructing the accommodation at Sonamarg. The CEO, Sonamarg Development Authority had asked the Company to get the execution stopped as it violated the Sonamarg Master Plan 2005-25 and the case was not considered for permission by the Chief Town Planner, Kashmir. The construction of Budgetted accommodation at Pahalgam could not be allotted due to occupation of land by the security forces and subsequent ban on new constructions in the area by the Hon'ble High Court. The Company thereafter relocated this project to Cheshmashahi Srinagar in March 2012 and allotted (April 2013) construction of one double bedroom hut to Jammu and Kashmir Small Scale Industries Development Corporation Limited (SICOP) at a cost of ₹32.68 lakh. This indicated unplanned execution of the projects.
- The first installment of ₹3.05 crore was received during (August 2009 to January 2010) and the Company submitted UCs to the GoI in February 2012 and January/ February 2013 wherein it was stated that these projects had been completed to the extent of 20 *per cent* at a cost of ₹3.07 crore. Audit noticed that the Company had booked an expenditure of ₹1.10 crore only as on the date of submission of the UCs for respective projects and thus over-stated the utilisation figures by ₹1.97 crore.

(ii) The Board of Directors of the JKTDC in its 81st meeting approved (March 2007) re-construction of gutted Pahalgam Club at an estimated cost of ₹8 crore which was revised to ₹12.48 crore. The project included construction of club with conference hall comprising of main block, guest block and allied items. The civil works of the project was allotted (August 2007) to a contractor at a cost of ₹7.70 crore for completion by July 2011. However, despite availability of ₹10.97 crore[32] (November 2008 and October 2010), expenditure of ₹9.13 crore was incurred on incomplete civil works and allied items of the project as of June 2013. Audit noticed that lack of effective control over the completion of various stages of work of the project resulted in its cost escalation which was revised to ₹16.20 crore. Thus the project which was taken up in August 2007 remained incomplete as of June 2013.

2.4.11 Unfruitful/ wasteful expenditure and idle investment

Audit noticed cases of unfruitful expenditure, wasteful expenditure, idle investment, misutilisation of funds and wrong reporting of expenditure etc., as elaborated below:

2.4.11.1 Unfruitful expenditure

Tourism Department

(i) A project for restoration of Public Service Commission (PSC)/ High Court building of Mubarak Mandi Heritage Complex was sanctioned (August 2006) by GoI

32 Central Financial Assistance: ₹3.07 crore, 12th Finance Commission: ₹6.70 crore, Insurance Claim: ₹1.20 crore

for ₹4.37 crore and first instalment of ₹three crore was released. The work of restoration of said buildings was entrusted to Archaeological Survey of India (ASI) who submitted estimates for restoration of PSC/ High Court and Army Hqrs buildings for ₹3.52 crore. Accordingly funds amounting to ₹3.52 crore were released to ASI between June 2008 to December 2010. The estimates submitted by ASI were limited to floors and walls only and the wooden ceilings (*Khatim Bandee*) were not included therein. The ASI executed the works of walls and floors at a cost of ₹3.47 crore and incomplete buildings were taken over (January 2012) by the Mubarak Mandi Heritage Society (MMHS) which could not be put to adaptive re-use as convention/ conference centre. Thus failure of the society in evaluating the estimates and taking over the incomplete buildings resulted in unfruitful expenditure of ₹3.47 crore. In reply the ED stated (March 2013) that the matter would be placed before executive committee so that the said work is done at the earliest and the building is put to re-use. However, further progress in the matter was awaited (November 2013).

(ii) A project for restoration and conservation of Samba fort was sanctioned (2011-12) under State Plan at a cost of ₹4.94 crore on the basis of a DPR approved by the State Government. The project aimed at making the fort a source of attraction for tourists and for promotion of heritage tourism in Jammu province. After incurring an expenditure of ₹75 lakh during the year 2011-12 on part works, the execution of the project was stopped for want of further funds. Thus, taking up of the project without availability of adequate funds had resulted in unfruitful expenditure of ₹75 lakh as the fort had neither been completely restored/ renovated nor put to adaptive re-use.

In reply, the Dy. Director (M&W) stated that the work for restoration and conservation of Samba fort was stopped as the funds for balance work were not provided by the State Government.

Development Authorities

To create more facilities for the tourists and to de-congest Kud Bazaar, the Patnitop Development Authority (PDA) constructed 3.5 km road (Mall road) at Kud during 2003-04 to 2010-11 at a cost of ₹7.51 crore. Audit scrutiny of records showed that due to failure of the Authority to ensure shifting of 132 KV transmission line and subsequent clearance from the Power Development Department, the vehicular movement on the road was stopped (August 2010) rendering the expenditure unfruitful. The Authority without clearing the road for traffic incurred further expenditure of ₹1.39 crore under Prime Ministers Reconstruction Plan (PMRP) on the illumination of the Mall road during the period from August 2010 to August 2012 rendering further expenditure of ₹1.39 crore unfruitful. Thus executing the road work without clearance from the Power Development Department had resulted in unproductive expenditure of ₹8.90 crore. After this was pointed out in Audit, the CEO PDA stated that process of land acquisition coming under the alignment of 132 KV transmission line was under process and that as and when the same would be acquired, the work of shifting of line would be executed to make the road traffic worthy.

2.4.11.2 Infructuous expenditure/ idle investment

Tourism Department

(i) An MOU for preparation of Detailed Project Report for restoration of Mubarak Mandi Heritage Complex and its adaptive re-use as a Tourism Destination-Cum-Socio-Culture Heritage Centre was executed (December 2007) with a consultant, Indian National Trust for Art and cultural Heritage (INTACH) by the Executive Director, Mubarak Mandi Heritage Society (MMHS). For this purpose the INTACH was paid an amount ₹33 lakh during December 2007 to March 2011. The INTACH submitted (June 2009) the DPRs which were rejected by the technical advisory committee on the ground that these were incomplete to the extent that no detailed drawings, estimates and other engineering details had been provided. By the time DPRs were rejected an amount of ₹28.05 lakh had been paid (between December 2007 and March 2011) to the INTACH and despite rejection (November 2009) further payment of ₹4.50 lakh was made by the Society. No action had been taken against INTACH for submission of incomplete DPRs despite making huge payments.

(ii) The Directorate of Tourism Jammu purchased adventure equipment like white water river rafts, kayaks, mountaineering equipment etc. for ₹36 lakh during the period 2007-09. Audit check showed that only rafting equipment had been rented out to two private firms on few occasions and rest of the equipment like kayaks and mountaineering equipment had never been used for promotion of adventure activities in the Jammu region, though some of the mountaineering equipment were issued (September 2011) to Jawahar Institute of Mountaineering and Winter Sports (JIM) Pahalgam. This indicated that the department purchased adventure equipment without formulating plans for their utilization and promotion of adventure activities. Similarly the Director Tourism Kashmir also purchased (November 2006) adventure equipment valuing ₹30 lakh under the project 'Development of Leh' which were never dispatched to Leh due to non-availability of equipment stores at Leh and were lying in the stores at Srinagar (April 2013). The Director Tourism Jammu stated that it is at its juvenile stage in the promotion of adventure tourism and is putting all its efforts in promoting adventure tourism besides requesting the Administrative Department to increase the funds allotment for creating adventure sports infrastructure in the region.

(iii) With an objective of tourist attraction, promotion of tourism by diverting Vaishno Devi yatries and providing them with recreational activities in the summer capital, the Department without accord of Administrative Approval (AA) and Technical Sanction (TS) took up (2007-08) development of 18 hole golf course on the left bank of river Tawi at Sidhra Jammu at an estimated cost of ₹10.54 crore (revised to ₹37.39 crore). The work was targeted for completion in two phases viz. phase first up to nine holes and phase second from 10 to 18 holes alongwith other allied works. Out of total land requirement of 1385 *kanals* a total of 1066 *kanals* of forest land was diverted for this purpose by the State Government.

Audit scrutiny of records of Director Tourism Jammu showed that expenditure of ₹31.03 crore was incurred on completion (2010-11) of first phase and part works of the second phase. However, no golf activity except for inaugural event (April 2011) for attracting the tourists had been carried out and the facility was used for few golfers who occasionally visit the golf course. Thus the golf course had not been put to intended use. The Deputy Director (M&W) intimated (June 2013) that only golfers were allowed to enter the premises of the Golf course and not the pilgrims. It was further seen that no trained staff like caddies and other service providers had been engaged or trained for the purpose except some need based and casual labourers were engaged for maintenance and upkeep of the Golf Course.

(iv) Audit scrutiny of records showed that projects for construction of tourist infrastructure at new tourist destinations were submitted to the GoI for sanction with an undertaking that the responsibility for operation/ management and maintenance of assets would lie with the State Government. It was noticed that this undertaking had been given by the State Government without ensuring proper resources/ manpower and proper plans for management and operation of the assets after their construction. The tourist complexes created at 12 different tourist locations in the State at an expenditure of ₹15.55 crore (Centrally sponsored scheme funds) during the period 2007-13 could not be operated and managed due to shortage of skilled manpower and allied resources and were lying idle for the period ranging from 14 months to 53 months. Three[33] assets constructed at a cost of ₹2.36 crore (State Plan funds) had not been taken over by the Department from the executing agency despite lapse of 27 months to 39 months from the dates of their completion. The non-engagement of manpower and consequent idling of the complexes had deprived the local people of employment opportunities thereby defeating the very purpose of providing financial assistance by GOI.

(v) Fifty six (56) assets of the Department like TRCs, parking lots, public conveyances etc., in five places (Pahalgam, Kokernag, Manasbal, Kargil and Leh) constructed at a cost of ₹64 crore (State Plan funds) had been lying un-utilised and no action had been taken to utilize these assets thereby depriving the Department of the realization of revenue from these assets. In Bhaderwah Development Authority eleven contractors had either not paid the rent of the assets or paid it less during the period of lease between July 2010 and March 2011 and an amount of ₹6.22 lakh was recoverable from them (March 2013).

Development Authorities

(i) The Surinsar–Mansar Development Authority purchased and installed (January 2010) video games from a firm[34] at a cost of ₹24 lakh in the cafeteria building Mansar. Despite lapse of three years after installation, the games had not been operationalized for the public purpose due to non-availability of trained manpower and were lying unutilized in the office complex (February 2013). The efforts to outsource the games in February 2013 did not materialise as the contractor on physical inspection declared the games non-operational which required repairs. As

[33] Tourist complex, Sarthal (Kathua), Way side menities Bhoond, (Kathua) and Bhambla, (Reasi)

[34] M/S H.G. Electronics Ahmedabad

the warranty period of the games had already elapsed the chances of getting them repaired were remote. Thus procurement of games without proper plans for their operationalization and maintenance resulted in wasteful expenditure of ₹24 lakh. The Chief Executive officer Mansar-Surinsar Development Authority stated that the warranty of the games had lapsed and that the matter would be taken up with the supplier to get them repaired with the approval of the competent authority.

(ii) The Patnitop Development Authority on the recommendations of Principal Secretary Tourism Department took up redevelopment of nine hole golf course at Sanasar as a component of project " Infrastructure facilities ancillary to proposed passenger aerial ropeway under the destination development scheme" sanctioned (September 2005) by GoI. Audit noticed that even after incurring an expenditure of ₹1.49 crore between 2005-06 and 2008-09 on the redevelopment, viz segregating meadows with decorative fencing and construction of alternative footpath and redevelopment of nine holes, procurement of mechanical equipment the intended objective had not been achieved. Before taking up the project, a team of officials from Royal Spring Golf Course (RSGC) had recommended fencing of the golf course to restrict entry of grazing animals and general public. However, this had not been done, due to the reason that the place (Meadow) falling under golf course area is the only tourist attraction of Sanasar. The Department has been organizing adventure sports like paragliding in this meadow and restriction of animals and tourists had not been ensured. The Authority stated that efforts would be made for procurement of Golf equipment and utilization of re-developed golf course for organizing the Golf tournaments.

(iii) For promotion of adventure tourism in Rajouri area, construction of three base camps for trekkers at Darhal, Kotli and Kandi were sanctioned (September 2007) by the GoI under 'Destination development scheme' at a cost of ₹1.79 crore (₹59.58 lakh each) for providing variety of tourism products to the tourists. The idea was to create a base camp at these places with facilities like public conveniences, dormitories, refreshing blocks, improvement of trekking path etc. from where the tourists could lead to nearby mountain peaks. An expenditure of ₹1.69 crore was incurred by the Rajouri Development Authority (RDA) up to March 2013 on construction of these assets. Audit noticed that structures created were different from that envisaged in the DPRs to the extent that buildings with bedrooms and attached bathrooms, lobbies, kitchens etc. as facilities to stay and organize meetings etc. were created and no trekking path had been developed. Further no trekking events had been organized and no publicity/ advertisement had been made for organizing any trekking events in collaboration with groups/ firms organizing trekking events. The buildings had not been put to any use. The CEO of RDA stated (April 2013) that the structures were created as per demand of the local people. The reply is not tenable as the purpose of the scheme was promotion of adventure tourism in the area.

(iv) The Kishtwar Development Authority constructed (March 2009) water sports centre at Dool at a cost of ₹1.21 crore (including cost of land) under destination development phase–II, Kishtwar for promotion of water sports. Audit noticed that without assessing the feasibility and without obtaining permission from NHPC for conducting water sports (as the water reservoir is constructed under Dool Hasti Power project and the area is restricted for general public) the authority constructed the centre which had never been used for the intended purpose. The Authority did not acquire any equipment for water sports rendering the assets idle.

The CEO Kishtwar Development Authority stated that the project was identified in view of huge water body but the purpose could not be achieved due to less inflow of tourists in adventure tourism. Moreover restrictions of NHPC on the spot in view of Dam site make it inconvenient to the visitors to make use of the facilities at Dool water sports centre.

2.4.11.3 Wrong reporting

Tourism Department

The 'Infrastructure and Destination Development scheme of Shivkhori Jammu' was sanctioned (May 2005) under PIDDC scheme at a cost of ₹4.11 crore and for this purpose an amount ₹3.29 crore was released (April 2006 to October 2009) by the GoI. As per UCs submitted by the executing agency (Executive Engineer R&B Division Reasi) the portion of the project was completed (November 2010) at an expenditure of ₹3.29 crore. Audit check of records showed that the figures of ₹3.29 crore had been wrongly arrived at as the component-wise totals in the physical and financial progress statement arrived at ₹2.96 crore indicating inflating of the expenditure totals by ₹32.55 lakh. Apart from this, the report also indicated transfer of ₹13.05 lakh by the executing agency to the Floriculture Department for which no UCs or adjustment accounts had been submitted by the Floriculture Department. Audit check further showed that UCs submitted (March 2011) by the Department to the GoI had not been countersigned by the Secretary, Tourism Department with the result balance amount of ₹82 lakh for the project had not been released by the GOI.

Development Authorities

A project for development of tourism infrastructure at Mansar was approved (June 2012) by the GoI under central financial assistance at a cost of ₹4.56 crore and first instalment of ₹0.91crore was released alongwith the sanction order. The components *inter-alia* included construction of Tourist Reception Centre consisting of five rooms, two suites, play room, kitchen, lobby etc. at a cost of ₹1.39 crore. The Mansar Development Authority had already refurbished (2008-09 to 2010-11) two old buildings viz., Mansar Club and cafeteria building with facilities like bed rooms, recreation halls, cafeterias, kitchens etc., which were similar to one proposed in the DPR. The proposal of new project was mooted despite the fact that the existing infrastructure was not fully utilized due to low arrival and stay of tourists at Mansar. Audit noticed that there were already four huts having eight bed rooms and a tourist complex consisting of six bedrooms along with other facilities constructed by JKTDC at Mansar and the funds were lying unutilized with the Authority as of February 2013.

The CEO of the Authority stated (March 2013) that the project had been got approved for upgradation and renovation of an existing dormitory building transferred to the Authority by the Tourism Department. The reply indicated that the Authority had not planned construction of new TRC as projected in the DPR.

2.4.11.4 Non-utilisation of funds for intended purposes

Tourism Department

The project for development of wayside amenities enroute Katra-Shivkhori was approved (December 2011) by GoI under Central Financial Assistance at a cost of₹7.80 crore and for this purpose ₹1.56 crore (20 *per cent* of the project cost) were released (December 2011) as first instalment. Under this scheme, five cafetarias (₹2.55 crore), 10 tourist huts (₹2.88 crore), ornamental view points (₹1.25 crore), public conveniences (₹62.52 lakh) and public parks (₹50.33 lakh) were to be constructed. In the Detailed Project Report (DPR), the Department had claimed that land was readily available and was in possession of the State Government.

Audit scrutiny of records of Director, Tourism Jammu, showed that the land required for construction of these sites had not been acquired before submission of the project proposal to the GoI. The Revenue Department informed (June 2012) that the land was available at the sites other than those identified and proposed in the DPR. The Department had taken up construction of tourist assets at sites other than those proposed and identified in the DPRs. Thus, the Department had misreported facts to GoI regarding availability of land. The Director stated (May 2013) that work was under progress at best available sites from tourist point of view. The fact, however, remains that the works were to be undertaken at sites having tourist potential and identified in the DPR and not as per availability of sites.

Development Authorities

(i) The project for the development of Morgan top (Anantnag) as tourist destination was sanctioned (February 2012) by the GoI at a cost of ₹3.08 crore for completion within three working seasons. An amount of ₹61.59 lakh was released (February 2012) by the GoI as 1st instalment for implementation of the project. Audit observed that the Department had not ensured availability of land before submitting the proposal to the GoI and had to request (October 2012) the Forest Department to provide land for the project as the area for the project was under the Forest Department. The matter regarding acquisition of forest land for the project had not been got settled as of March 2013 and as a result the project could not be executed. An expenditure of ₹8.21 lakh had been incurred on payment of consultancy charges to the firm during 2012-13 and balance amount continued to remain unutilized. The Authority stated that the work on the development of Morgan top could not be executed as the land identified for the project was being claimed by the Forest Department to be forest land and the project shall be started as soon as the matter was settled.

(ii) The State Government provided (2008-09), ₹10 lakh to the Surinsar–Mansar Development Authority for restoration and renovation of dilapidated heritage haveli/ sarai having ancient designs/ drawings with beautiful mural paintings of Ramayana and Mahabharata on its walls at Mansar. The funds had however not been utilised and were lying in the Bank account of the Authority.

2.4.11.5 Blocking of funds

Tourism Department

To conserve the electricity and to save huge expenses on electrical charges, a proposal was submitted (March 2011) to the Ministry of New and Renewable Energy (GoI) for installation of solar heating system for Royal Spring Golf Course (RSGC) Srinagar by the Director-cum-Secretary, RSGC which was approved (March 2011) by the Ministry for installation of solar water heating system of 81,000 litre per day (LPD) capacity at a cost of ₹1.95 crore in accordance with GoI scheme 'Off grid and decentralized applications' under Jawahar Lal Nehru Solar Mission 2010. Of the estimated cost, ₹1.07 crore were to be borne by the GoI and the balance (₹88.44 lakh) by the State Government. Government of India released ₹69.96 lakh during 2011-12 for the project. The RSGC placed (July 2011) order for supply, installation and commissioning of solar water heating system with a firm[35] at a cost of ₹1.50 crore within six to eight weeks. Besides, the supplier firm was to depute a technical expert for designing of structure for installation of system.

Audit noticed that against order for supply of 81,000 LPD solar water heating system, the RSGC had received material/ equipment of 9000 LPD only as of March 2013. An amount of ₹15.35 lakh had been paid to the firm and no further action either to get the balance supplies or to put to use the received supplies had been taken with the result the financial subsidy of ₹69.96 lakh released by the GoI remained blocked. The Secretary RSGC stated (May 2013) that the project for the installation of Solar energy system could not be completed in time due to partial supply of the material by the agency.

2.4.12 Adventure Tourism

2.4.12.1 Inadequate training programmes

The Department desired (2006-07) to organise training programmes for local youth in adventure activities to enable them to earn livelihood and promote adventure tourism in the State by providing services to the tourists. Accordingly it was proposed to train local youth as instructors in mountaineering/ skiing with the help of the Jawahar Institute of Mountaineering and Winter Sports (JIM) so that they can ultimately emerge as independent service providers for the adventure activities in the State.

Audit noticed that though 168 candidates were sponsored to JIM for short duration basic adventure courses like skiing, mountaineering, paragliding etc. during the period from January 2008 to August 2011 by the Director Tourism Department Jammu, none of the candidates had been sponsored for special/ advanced instruction courses during

[35] M/s Anu Solar Power Private Limited, Bangalore

the period from 2008-09 to 2012-13. In absence of the advanced courses, the chances of the participants to upgrade their skills and to act as instructors/ guides for adventure tourism were bleak.

2.4.12.2 Non-supply of equipment

Audit check of records of the Director Tourism Jammu showed that a firm M/S Indian Rafting Foundation, New Delhi approached (February 2007) the Department for supply of equipment to build infrastructure for river rafting in the State. The Director without following the codal formalities (Open tendering system) for selection of the supplier and without executing any agreement with the supplier placed (April 2008) supply order with the firm for supply of three AVON 14ft Raft with three Cross Tubes along with accessories valuing ₹12.50 lakh and accordingly released (May 2008) an advance payment of ₹12.45 lakh in favour of the firm. The firm had not supplied any equipment as of January 2013. The Department except for issuing (October 2010) a legal notice had not been able to take any action for recovery of the amount due to absence of a formal agreement with the firm. Thus, release of advance payment without following the codal formalities and without ascertaining credentials of the firm resulted in loss of ₹12.45 lakh. The Director stated (June 2013) that the matter stands taken up with the standing council of the Department for taking appropriate action under law.

2.4.13 Rural Tourism

To promote village tourism as the primary tourism product and also to spread tourism and its socio-economic benefits to rural areas and its new geographic regions the Government of India (GoI) launched 'Rural Tourism scheme' during 10th Five Year Plan. Accordingly, the GoI sanctioned the scheme in 29 villages of the State under Prime Minister Reconstruction Plan (PMRP) during the period from 2005-13 at a cost of ₹18.98 crore for both hardware (development of tourist infrastructure) and software (baseline surveys, workshops, training programmes/ skill development etc.) components. Against an allotment of ₹15.62 crore for these 29 villages, ₹15.56 crore was incurred as of March 2013 and the works in 23 villages stood completed and six villages were under execution (March 2013). Audit scrutiny of six completed projects of Jammu province showed deficiencies in selection and execution of works as detailed below:

- Proper maintenance and inventorisation of the assets created had been envisaged in the scheme. The Department had not, however, made any provision for maintenance and inventorisation of tourist assets so created. The Department stated (May 2013) that inventory would be created by the Estate section of the Directorate.
- Under software component ₹1.09 crore was advanced during 2006-07 to 2012-13 to four NGOs for training of local people in computer, photography, cutting and tailoring, embroidery, toy-making, weaving, tourist guides, local folk and dances, local cuisine etc. The detailed accounts of the amount spent by these NGOs and the details of local population trained by them had not been obtained indicating

lack of monitoring by the Department. The Department stated that a committee for proper implementation of rural tourism projects had been formed (April 2006). The fact however, remains that the Department had not monitored the position of expenditure incurred and beneficiaries trained by the NGOs.

- The primary objectives of rural tourism scheme are (a) increase in tourist inflow (b) potential for increase in the average duration of stay by a visitor (c) increased employment generation (d) environment preservation and upgradation etc. To meet these objectives it was emphasized that after the completion of the projects the Department should conduct survey of size and impact of tourism in the proposed location, monitor participatory output vis-a-vis targets and ensure long term adherence to core objectives. It was noticed that no such exercise was carried out by the Department to study the impact of the scheme and had not maintained any data regarding tourist inflow and employment generation in the villages under the scheme.

2.4.14 Eco-tourism

(i) An area of 97.82 sq. kms adjoining the Surinsar-Mansar lake was declared (April 1990) as wild life sanctuary under Jammu and Kashmir Wild Life Protection Act, 1978 for protection and preservation of its eco-system. Under this Act the entry of general public is restricted and is allowed only after having a permit issued by the Wild Life Warden. Also vide Hon'ble Supreme Court's order (July 2004) all types of construction activities were prohibited in wild life protected areas. Audit noticed that the State Government brought this area under Surinsar-Mansar Development Authority during the year 2005. Both the Acts have different aims and objectives as under the wild life Protection Act thrust should be on protection of flora and fauna with restrictions on construction activities and entry of public where as under Development Authority under the Development Act, 1970 more and more infrastructure has to be created. A number of projects have been sanctioned by the Central and State Governments and are under execution for increasing the flow of tourists in the area. Thus, there was overlapping of activities in the area under both the Acts.

(ii) The saffron land measuring 21 *kanals* and 4.25 *marlas* at village Pochhal, Kishtwar was acquired by the Kishtwar Development Authority (KDA) for construction of "saffron safari" sanctioned (September 2007) by the GoI under 'Destination development programme Phase II'. The project envisaged construction of one HRD centre, fencing of the area, walkways, water supply and sanitation to attract tourist to see the saffron fields as promotion of eco-tourism.

Audit noticed that the project was completed (March 2011) at a cost of ₹1.60 crore, but no activity connected with saffron safari had been undertaken as of June 2013 resulting in idle investment and non-accrual of intended objectives. Despite ban on sale/ purchase of saffron land prohibited under J&K Saffron Act 2006, the Authority had acquired the saffron land in violation of the Act. Thus, acquisition of saffron land, wrong selection of site and deviation from the original project resulted in idle investment of ₹1.60 crore. The Authority stated that the objective could not be achieved as the location was inconvenient to the tourists as well as to the pilgrims visiting Kishtwar.

2.4.15 Non-implementation of the State of J&K Registration of Tourist Trade Act 1978

The persons dealing with tourists and for matters connected therewith are to be registered under the provisions of the Jammu and Kashmir Registration of Tourist Trade Act, 1978. Audit noticed that the provisions of the Act had not been implemented to the extent as instanced below:

- **Fixation of rates under the Act**

Under the Act, the Government had to fix rates and service charges in respect of hotels, travel agents, dealers associated with travel trade to be charged from persons availing such facilities. Audit check of records showed that no rates and service charges to be charged by hotel owners, travel agents, and other service providers had been fixed by the Department after taking into account the quality of service provided by them thus, allowing free hand to the hoteliers and other service providers to charge rates at their will. After this was pointed out (January 2013) in Audit it was stated (May 2013) that the process for fixation of rates was under process.

- **Non-renewal of registration of Hotels**

As per provisions of the Act, every hotel/ guest house etc. is required to be registered with the Department and renewed thereafter every year. Further, the Department is also required to conduct periodical inspection of units registered under Tourist Trade Act. Audit check of records showed that 95 hotels, guest houses etc. in the State had not renewed their registration for periods ranging between two and 13 years (May 2013). Information regarding periodical inspections of the hotels guest houses etc., conducted by the Department during the period 2008-13 was neither on record nor produced to Audit. The Deputy Director (Inspections) Jammu stated (May 2013) that notices had been issued through print media to all the hoteliers, travel agents, dealers and restaurants etc. who are running their business without registration/ renewal to apply before the prescribed authority for registration and renewal of their units.

2.4.16 Maintenance of tourist spots

(i) Audit noticed lack of infrastructure for waste management in the Development Authorities as the present system of collection, conveyance, treatment and disposal of municipal solid waste, biomedical and hazardous waste in the three Development Authorities (Lakhanpur–Sarthal, Surinsar–Mansar and Kishtwar) in Jammu region was inadequate. The waste generated was being illegally dumped in open in fields and hillsides or in the nearby parks by the contractors engaged for sanitation and upkeep of various parks, paths, parking areas, picnic spots etc. It was seen in audit that neither the Department nor the Authorities had formulated plans/ schemes for management of solid waste in the tourist places.

(ii) For general upkeep and maintenance of assets like lawns, parks, picnic spots created at Surinsar, Mansar, Purmandal and Utterbehni, the Surinsar-Mansar Development Authority engaged need based workers ranging from 15 in 2008-09 to 51 in 2011-12 and incurred an expenditure of ₹24 lakh during these years on payment of their wages and expenditure on this account was debited to revenue realized by the Authority. Audit observed that the Authority had simultaneously engaged contractors for general upkeep and maintenance of parks, paths and other assets at these tourist places at a cost of ₹39.63 lakh during the period 2008-09 to 2011-12. The reasons for engagement of need based workers and also the contractors for the same purpose were not furnished by the Authority.

2.4.17 Publicity and advertisement

2.4.17.1 Non–publicity of new Tourist destinations

The Publicity and advertisement of the new tourist destinations is essential for promotion of tourism and economic up-liftment of the area. The Department had developed a number of new tourist destinations like Rajouri, Poonch, Kishtwar, Bani, Basohli, Sarthal etc. and had created enormous tourist infrastructure under Central and State sponsored schemes at these new locations. However, unless the new Tourist destinations are properly advertised and publicized, the flow of tourists cannot be ensured. The Department had incurred an expenditure of ₹13.01 crore during the period 2008-13 on publicity and advertisement which had mainly remained confined to Vaishno Devi, Shivkhori, Raghunath Bazaar, Bhaderwah and other pilgrim places of Jammu and had not advertised the new conventional tourist destinations like Rajouri, Poonch, Kishtwar, Bani, Basohli, Sarthal etc.

2.4.17.2 Mughal Road Rallies

(i) The Department organised three car rallies for promotion of Carvan and Heritage tourism along the Historic Mughal road during the years 2010-13. The rallies were organized along the circuit starting from Shopian via Rajouri-Jammu Kishtwar-Anantnag upto Srinagar on the proposal (April 2009) of a firm[36] alongwith the J&K Bank Limited as the sponsors. The details of funds provided by the Department and the J&K Bank Limited on the rally is in **Table-2.4.10.**

Table-2.4.10

(₹ in lakh)

Rally	Estimated cost submitted by the firm	Funds provided by the Department	Funds provided by the J&K Bank Limited	Total funds	Excess over estimated cost
1st (2010-11)	47.28	26.00	30.00	56.00	8.72
2nd (2011-12)	39.83	32.21	50.00	82.21	42.38
3rd (2012-13)	45.70	35.00	50.00	85.00	39.30

As the rallies were organized by the firm and sponsored by the Department and J&K Bank Limited both being principal sponsors, a tri-partite agreement was required to be

36 M/s Himalayan Motorsports, Shimla

executed for sharing of expenditure. Audit examination of records showed that no such agreement was executed for sharing of expenditure by each with the result the Department and the Bank had reimbursed/ advanced excess amount of ₹8.72 lakh, ₹42.38 lakh and ₹39.30 lakh than the estimated expenditure submitted by the firm for 1^{st}, 2^{nd} and 3^{rd} Rally respectively.

(ii) Further, as per terms and conditions of the rallies fixed by the Federation of Motorsports club of India (FMSCI) (GoI Agency), expenditure on account of boarding and lodging of the participants was to be borne by the organizers out of the entry fees collected from the participants. The Department however, incurred an expenditure of ₹62.18 lakh on boarding and lodging of participants during 2010-13 irregularly and a liability of ₹5.78 lakh was pending resulting in undue benefit to the organizing firm. As per FMSCI guidelines for 2^{nd} rally cash prizes of ₹10 lakh were to be distributed but the Department distributed cash prizes of ₹20 lakh resulting in excess expenditure of ₹10 lakh.

(iii) Moreover the main aim of organizing the rallies was to promote Caravan and Heritage tourism along the Mughal road. For Caravan tourism one of the essential pre-requisites along with specially built vehicles is the presence of sufficient Caravan parks in the identified circuits. But despite organizing the rally for four years, the Caravan parks and other infrastructure had not been created along the Mughal Road though the project in this regard had been sanctioned (2010-11) under 12^{th} Finance Commission by the Central Government at an estimated cost of ₹8 crore. Further execution of this project could not be taken up due to non-identification of land from Forest Department as being forest land.

2.4.18 Incentive Schemes

2.4.18.1 Subsidy to promote tourism

In order to boost tourism sector and to generate employment avenues in the State, an incentive package scheme was sanctioned (1995) under which a subsidy of upto 40 *per cent* of the total cost of the project was to be provided to house owners. Under this scheme some rooms of the existing structure of house owners were to be provided to tourists on payment with a view to afford to them an opportunity of staying as part of the family subject to ceiling of ₹two lakh in each case. Under the Tourist Act, 1978 the owners were to register with the Department and thereafter review the registration annually. Audit noticed that 618 beneficiaries in Kashmir Division had been covered as of March 2013 and an incentive subsidy of ₹5.16 crore had been paid to them. However, of the 618 cases, the second instalment was released to 106 beneficiaries only indicating that remaining 512 beneficiaries had not pursued their cases after receipt of first instalment.

Further in Jammu division, the Directorate of Tourism, Jammu, sanctioned ₹61.68 lakh under this scheme during the period 2010-13 and the amount was paid to 31 beneficiaries in Rajouri District. Audit scrutiny of records of Assistant Director, Tourism Rajouri showed that 29 units out of the 31 did not renew their registration with the Department after the initial registration (December 2010) required for availing this subsidy. The Department had not conducted any inspection of the units to ensure proper adherence of the promoter to the scheme guidelines. After over two years the notices were issued (April 2013) to the said defaulters for renewal of their registration. This indicated that no monitoring system had been put in place by the Department to determine that the units established under incentive schemes were actually running as per scheme guidelines. In reply, the Assistant Director, Tourism (ADT) Rajouri stated that notices have been issued to paying guest houses who had not got their units renewed since 2010 and that after the expiry of 15 days notice period, fine on spot would be imposed/ recovered under the relevant section of the Tourist Act, 1978.

2.4.19 Monitoring mechanism

Monitoring and evaluation is an effective tool to ascertain the effect and impact of the programmes undertaken for implementation by the Department. As envisaged in the guidelines of the PIDDC scheme, a State level monitoring committee had to be set up under the chairmanship of the Secretary Tourism consisting of nominee of the Ministry of Tourism (GoI) and nominees of the implementing agencies of the Department. Audit noticed that the State level Monitoring committee was constituted (February 2010) without a nominee of the Ministry of Tourism, (GoI). The practice of evaluation of schemes/ projects at the Government level had not been undertaken by the Administrative Department (July 2013).

2.4.20 Internal Controls

Internal control system is a management tool used to provide assurance that the objectives are being achieved as planned. Audit observed that internal controls in the Department were not enforced as indicated in the previous paragraphs.

2.4.21 Conclusion

The Department had not formulated long and short term perspective plans and the developmental activities had been undertaken in an *adhoc* manner. Most of the newly created Development Authorities had not finalized the Master plans. Funds were diverted from one scheme to another affecting the completion of projects. The plans for management and operation of assets created had not been formulated with the result the asset created had not be put to intended use. Audit noticed cases of delay in completion of projects, unfruitful/ wasteful/ idle expenditure and of wrong reporting. Promotion of tourist products was not adequate and marketing and publicity campaigns were not adequate. The JKTDC had made no efforts to increase the coverage area and exploit the potential of transport sector to benefit from the increasing tourist inflow. Acts and rules relating to tourism development had not been implemented efficiently and effectively.

2.4.22 Recommendations

The Government may consider to:

- formulate long term and short term plans for taking up the developmental activities in a planned manner;
- ensure implementation and completion of the projects efficiently to avoid unplanned works/ infructuous expenditure;
- take steps to promote publicity and advertisement to attract tourists; and
- strengthen Management Information System for effective tourism planning and promotion.

The audit findings were referred to the Government in December 2013. The reply had not been received (January 2014).

University of Kashmir

2.5 Working of University of Kashmir

The 'University of Kashmir' (established since 5 September, 1969) provides higher education in the Kashmir valley and Ladakh region offering post-graduate and research programmes in 38 teaching departments, 15 research and extension centres. There are 148 colleges (48 Government and 100 private) affiliated to the University through more than 30 programmes. Important findings are highlighted as under:

Highlights

- **Against intake capacity of 19,278 students for academic years 2008 to 2012 a total of 16603 students (86 *per cent*) were admitted though 177816 students had applied for admission during these academic years.**

  (Paragraph: 2.5.5)

- **Out of 77 research projects to be completed by March 2013, only 16 projects had been completed. 11 projects on which an expenditure of ₹62.24 lakh was incurred were abandoned midway.**

  (Paragraph: 2.5.7)

- **The University had not prepared its consolidated annual accounts since inception. The finances were scattered in as many as 123 different accounts.**

  (Paragraph: 2.5.10.5)

- **Injudicious decision relating to acquisition of 300 *kanals* of land have caused financial burden of ₹71.73 crore (March 2013).**

  (Paragraph: 2.5.11.1)

- **The construction of 137 building projects (expenditure: ₹31.57 crore) was undertaken without formulation and approval of plans. Supplementary agreements for additional works amounting to ₹23.88 crore were irregularly made with contractors on already allotted rates and works were got executed without calling for fresh tenders.**

  (Paragraph: 2.5.11.2)

- **The shortfall in teaching faculty ranged between 23 and 35 *per cent* during 2008-09 to 2012-13. The ratio of teaching and non-teaching staff was higher than the prescribed norms by UGC.**

  (Paragraphs: 2.5.12 and 2.5.12.1)

2.5.1 Introduction

The 'University of Kashmir' (established since 5 September, 1969) provides higher education in the Kashmir valley and Ladakh region through 13 faculties offering post-graduate and research programmes in 38 teaching departments and 15 research and extension centres. There are 148 colleges (48 Government and 100 private) affiliated to the University through more than 30 programmes. The University established two satellite campuses; the South Campus at Fatehgrah (Anantnag) and the North Campus at Delina (Baramulla) in the year 2008 and 2009 respectively. The University was the first in the State to go in for accreditation of National Assessment and Accreditation Council (NAAC) in the year 2002 and was accredited as Grade 'A' University first in 2002 (with highest rating of five stars) for the period 2002-07 and again in 2011 ('A' grade) for the period 2007-16.

The University Council is the apex governing authority of the University which is headed by the Chancellor with Pro-Chancellor, State Education Minister and Vice-Chancellor among others as members. The University Syndicate comprising of 12 members including Vice-Chancellor of the University and three nominees of the Chancellor and Member Secretary is the Chief Executive Authority vested with the responsibility of framing Budget estimates, preparing draft Statutes, holding, controlling, administering funds, property and other assets. The Academic Council controls and regulates the standards of teaching, research and examinations in the University and also prescribes syllabi and other courses of studies.

2.5.2 Audit objectives

The main objectives of the performance audit were to assess whether:

- Management of academic activities was efficient;
- Financial management was efficient and effective;
- Human resources management was efficient;
- Estate management was efficient and effective; and
- Oversight/ monitoring mechanism of the University was in place and was effective

2.5.3 Audit scope and methodology

The working of the University was last reviewed and commented upon in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001. The Report was partly discussed by the Committee on Public Accounts in November 2005 without any recommendations. A Performance Audit was undertaken between December 2012 to August 2013 by the Audit for the period from 2008-09 to 2012-13. For this purpose, Audit test checked records of the Administrative Branch (five[37] out of seven units), Finance Wing (all six units), Estates Management Branch (two units[38] out of three), Hostel Management Branch (Boys' and girls' hostels), Academic Activities (sixteen[39] out of fifty seven units) the Academic Staff College, State Resource Centre, Distance Education, Education Media Research Centre and

[37] Administration, General Administration, Stationery, Pension and Transport

[38] Estates section and construction wing

[39] Dean Academic Affairs, Dean College Development Council, Dean Research, Departments of Computer Science, Electronics and Information Technology, Pharmaceutical Science, Bio-Chemistry, Botany, Bio-Technology, Zoology, Education, Physical Education and Sports, Physics, Chemistry, Mathematics, Geology and Geo-Physics,

administrative wings of the Satellite campuses of the University at Anantnag and Baramulla, selected on the basis of Simple Random Sampling method. An Entry Conference was held with the University Authorities on 19 February 2013 wherein the audit objectives, audit criteria and scope of audit and methodology were discussed. The audit findings were discussed with the University authorities in the Exit Conference held on 19 December 2013 and the response has been incorporated at appropriate places.

2.5.4 Audit criteria

The audit findings were benchmarked against the following criteria:

- Kashmir and Jammu Universities Act 1969 (hereinafter referred to as the Act), and the Rules and Regulations made there-under;
- University Grants Commission (UGC) norms for faculty and facilities
- Provisions of State Financial Code Book of Financial Powers and State/ Central Public Works Account Code Other relevant manuals and various instructions/ circulars issued by GOI, State Government and the University;
- Rules/ Guidelines framed by the University Council, the Syndicate and other bodies of the university and
- Terms and conditions of sanctions/ approval of research projects.

Audit findings

2.5.5 Management of academic Activities

- The position regarding the number of students who applied for and were admitted in courses offered by the University (except Ph. D and M. Phil Programmes) ranging between 76 and 107 (detailed in ***Appendix-2.10***) during the period 2008-09 to 2011-12 is given in **Table-2.5.1.**

Table-2.5.1

Academic Year	No. of courses offered	Intake Capacity	Number of Students	
			Applied	Admitted
2008	76	2863	28324	2789
2009	83	3474	36241	3333
2010	88	3687	40254	2979
2011	102	4558	36654	3794
2012	107	4696	36343	3708
Total		**19278**	**177816**	**16603**

As against the intake capacity of 19278 students for academic years 2008 to 2012, a total of 16603 students (86 *per cent*) were admitted though 177816 students had applied for admission during these academic years. Following further points noticed are as follows:

- Audit check of records showed that against intake capacity of 3074 students in main and satellite (North and South) campuses of the University, admissions were granted to 832 students only in the courses ranging between 12 and 34 during the academic years 2008 to 2012 leaving 2242 seats (73 *per cent*) vacant for all these years. Further 11078 students were admitted in post graduate courses/ programmes ranging between 29 and 46 during the academic years 2008 to 2012 against the sanctioned intake capacity of 10396 and the excess ranged between 5 *per cent* and 10 *per cent.*

- The success rate of students ranged between 85 *per cent* and 87 *per cent* during the years from 2008 to 2012 in respect of 41 Post Graduate courses/ programmes in 13 teaching faculties. The success rate of the students appearing in the final examinations was highest (98 *per cent*) in the department of Computer Sciences (Master of Computer Applications), while it was lowest (70 *per cent*) in the department of Mathematics. The Registrar stated (January 2014) that 70 *per cent* success rate of the students in Mathematics was quite satisfactory in view of many constraints during 2008-12 and that efforts had been made at the departmental level to improve upon the success rate.

- The position of answer scripts submitted for revaluation by the students of the University as well as of the affiliated colleges during 2008-09 to 2012-13 and the results declared thereof is given in the **Table-2.5.2**.

Table-2.5.2

S. No	Particulars	Year of Examination					
		2008	2009	2010	2011	2012	Total
		Number of Answer Scripts					
1.	Answer scripts Revaluated	9388	12360	23580	23190	27985	96503
2.	Answer scripts changed to pass from fail on revaluation	1325	1530	3520	4190	5250	15815
3.	Increase in Marks on revaluation already passed candidates	1238	1390	2870	3211	3490	12199
4.	Change on revaluation (2+3)	2563	2920	6390	7401	8740	28014
5.	Results remained unchanged after revaluation	6825	9440	17190	15789	19245	68489
6.	Percentage change on revaluation	27	24	27	32	31	29

The change of results on revaluation ranged between 24 *per cent* and 32 *per cent* which indicated that the evaluation of answer scripts was not made correctly. The Controller of Examinations of the University had not maintained the evaluator-wise data/ records to monitor the cases of change in results due to increase/ decrease in marks after revaluation. The Registrar stated (January 2014) that the advice of audit with regard to particulars of evaluators would be maintained on priority basis.

- Out of 170217 degree certificates for the academic years 2008 to 2011 required to be issued by March 2013 a total of 81002 certificates only were actually issued by March 2013 resulting in shortfall of 52 *per cent* in issue of certificates.

2.5.6 Inadequate facilities for physically challenged students

The Persons with Disabilities Act (PDA), 1995 requires that physically challenged persons should have access to education at all levels. Pursuant to this UGC had started the following schemes of assistance to such students in the Kashmir University.

(i) The Teacher Preparation in Special Education (TPSE) scheme is meant for assisting Departments of Education to launch Special Education Teacher Preparation programmes for preparing special teachers to teach children with disabilities in both special and inclusive settings. The scheme provides financial assistance to offer B.Ed. and M.Ed. degree courses with specialization in one of the disability areas. Audit check of records however showed that the University had failed to launch TPSE Scheme at B.Ed. and/ or M.Ed. level during the period 2008-13. The Assistant Registrar (Development) stated that the programme could not be launched due to non-obtaining of approval from Rehabilitation Council of India and non-provision of funds by the UGC. The reply is not acceptable as demand for funds had not been submitted to the UGC by the University in this regard.

(ii) The 'Higher education for persons with special needs' (HEPSN) scheme is aimed at creating an environment in the higher education institutions including Universities to enrich higher education learning experiences of physically challenged Persons (PCPs). Creating awareness about the capabilities of PCPs, constructing facilities aimed at improving accessibility, purchase of equipment to enrich learning, etc., are the broad categories of assistance under this scheme. The UGC approved and allocated ₹27 lakh for implementation of the scheme during 11th plan period (2007-12) and released (2010-11 and 2011-12) ₹18.77 lakh for this purpose. Audit observed that an expenditure of ₹63.72 lakh was shown incurred during 2009-10 to 2011-12. The reasons for huge difference between release of funds and expenditure incurred were not provided to audit. The Assistant Registrar (Development) stated that the matter would be taken up with Accounts Section of the University.

(iii) To provide counselling to Physically challenged persons and to ensure admission of as many students as possible through the open quota and also through the reservation meant for them, the University established the enabling Unit for PCPs under Higher Education for persons with special needs Scheme during the year 2009. The positions of number of PCPs provided counselling during the academic period 2008-12 and students enrolled in various departments of the University is given in **Table-2.5.3.**

Table-2.5.3

S. No.	Particulars	Year					Total
		2008	2009	2010	2011	2012	
1.	No. of physically challenged students registered and provided counselling	Nil	95	115	222	309	**741**
2.	No. of physically challenged students enrolled	Nil	33	45	55	57	**190**
3.	No. of Awareness Programmes conducted	Nil	02	04	06	03	**15**

Out of 741 PCPs provided counselling by the Enabling Unit of the University during the years 2008 to 2012, a total of 190 PCPs (26 *per cent*) were enrolled in various PG courses offered by the University. This indicated insignificant performance of the Enabling Unit in providing appropriate counselling to PCPs. The Assistant Registrar (Development) stated (July 2013) that the University was trying hard to provide appropriate counselling to such students and conducting awareness programmes. As per the guidelines of the scheme the PCPs need special arrangements in the environment for their mobility and independent functioning and the Universities are expected to address accessibility related issues as per the stipulations of the PDA and ensure that all existing structures as well as future construction projects in their campuses are made disabled friendly. Audit noticed that there were inadequate special facilities (March 2013) for PCPs in the University as in 62 buildings in main campus, the ramps were available in nine buildings, special toilets in three buildings and rails and elevators were not available in any of the building.

The Assistant Registrar (Development) stated that the proposal for special facilities for PCPs shall be forwarded to UGC/ State Government for release of funds for providing such facilities.

2.5.7 Research Activities

The University receives funds for its research activities from the University Grants Commission and Government of India. During the period 2008-13 out of 140[40] research projects, 77 projects were to be completed by March 2013 against which only 16 projects were completed after incurring an expenditure of ₹3.16 crore with delay ranging between seven months and over four years. Out of remaining 61 incomplete projects, 11 projects on which an expenditure of ₹62.24 lakh was incurred (March 2013) had been abandoned midway resulting in wasteful expenditure to that extent. The Assistant Registrar (Research) attributed (September 2013) delay in completion of projects to unavoidable circumstances in the valley and abandonment of projects to superannuation of Principal Investigators.

Audit noticed that no research activities were undertaken in 15 post graduate departments including Clinical Bio-Chemistry, History and Education and three research/ other centres of the University. While submitting Utilisation Certificates in respect of the completed projects, the unutilised balances were to be refunded to the funding agencies. Audit however, noticed that out of unspent amount of ₹18 lakh only ₹10 lakh was refunded (during 2013) to the funding agencies. The research papers/ technical reports and progress reports together with the fact that whether research papers were published in journals and national/ international conferences had not been maintained/ furnished to the agencies funding the research projects in respect of five test-checked research projects of three[41] departments. As a result the extent of achievement of the objectives of the research activities undertaken by the University could not be verified in audit. The Registrar informed (January 2014) that the observation had been noted for future.

2.5.7.1 Delay in submission of thesis

As per the University statutes governing admission and award of doctor of philosophy (Ph. D) degree, it shall be binding upon a scholar to submit the Ph. D thesis within a

40 32 projects existing at the beginning of the year 2008-09 and 108 projects undertaken during the period 2008-13

41 Bio-technology (Two projects); Physics (One project); Linguistics (Two projects)

period of five years (whole time scholar to submit the thesis within the period of three years and part-time scholar within three years and one month from the date of registration extendable by the concerned Dean of Faculty twice by one year) failing which his registration shall automatically stand cancelled. The position of submission of thesis in respect of the research scholars, registered in the test-checked departments during the period 2000-08 who were required to submit their thesis within the stipulated period 2005-13 is detailed in the ***Appendix-2.11***.

Audit noticed that in 14 test-checked PG Departments, out of 261[42] research scholars enrolled/ registered during the period 2000-01 to 2007-08, a total of 104 scholars (40 *per cent*) submitted thesis within the stipulated period of five years, 51 scholars submitted thesis after the stipulated time period and 103 scholars had not submitted their thesis (March 2013). The delay in submission/ non-submission of thesis resulted in delayed submission of reports and the continued usage of the existing infrastructure facilities by the same students thereby blocking the opportunities for other aspirant research scholars. The Assistant Registrar (Research) stated (September 2013) that period of residency defined in the statutes was only a consensus approximation of the time required to complete the degree which in no way could be considered absolute. The reply is not tenable as the University statute defines the time period required for research scholars to submit their thesis.

2.5.8 Absence of follow-up of NAAC recommendations

The National Assessment and Accreditation Council (NAAC) in its peer report observed (July 2011) that there had been institutional weakness like lack of choice based credit system (CBCS), lack of semester system for colleges, lack of interdisciplinary approach from among the University departments in teaching and research, no structured mechanism for addressing the teaching and learning needs of low and slow learners through bridge and remedial courses, lack of University support research starter, lack of faculty efforts to acquire large number of major research projects from funding agencies etc. The NAAC had made 10 recommendations for quality enhancement. Out of these four recommendations viz (i) Re-introduce the Faculty-Talent-Promotion Scheme (FTPS), (ii) establishment of University society interface, (iii) providing opportunities for affiliated colleges to become autonomous colleges and also to introduce semester system in the colleges and PG courses for eligible colleges, (iv) introduction of school system with implementation of CBCS and credit transfer facility among the departments, were not implemented as of March 2013.

After this was pointed out by audit, the Director, Internal Quality Assurance stated (August 2013) that (i) FTPS had been stopped by the UGC and that the Directorate had taken up the matter with UGC for its reintroduction (ii) the proposal with regard to University society Interface had been submitted to the Vice-Chancellor (iii) decision in respect of according autonomy to colleges and introduction of semester system were pending with State Government and (iv) CBCS was being

42 Registration of three scholars cancelled subsequently

debated at various levels in the University and was planned to be introduced in the academic year 2014.

2.5.9 Planning process

The Kashmir and Jammu Universities Act, 1969 provides for constitution of a Planning Board to assist the Syndicate in formulation of perspectives in planning including academic planning, coordination and screening development proposals of the departments and units of the University and determining priorities in the development programmes. The Planning Board was to consist of Vice-Chancellor as Chairman, alongwith Pro-vice Chancellor, Financial Advisor, Deans of Faculties, Registrar and Controller of examination. The Planning Board was not constituted and the University had not formulated any comprehensive plan or an action plan outlining the long term time bound developmental activities to be carried out by the University.

2.5.10 Financial Management

The University is financed by grants from the State Government for its "Plan" and 'Non-Plan' activities and from the Government of India (GoI) and UGC for specified schemes/ projects. Besides, the University generates its own resources by way of fees, fines, rent of hostels, residential buildings etc. The position of receipts of funds and expenditure-(excluding Departments and North/ South campuses) incurred thereagainst by the University from 2008-09 to 2012-13 is given in **Table-2.5.4 and 2.5.5**.

Table-2.5.4 (Plan)

(₹ in crore)

Year	Opening Balance	Receipts					Expenditure					Closing Balance
		State	UGC	GoI	Others[43]	Total	State	UGC	GoI	Others	Total	
2008-09	9.48	4.00	2.55	1.21	0.00	17.24	8.34	4.07	1.21	1.84	15.46	1.78
2009-10	1.78	27.00	6.73	0.83	0.22	36.56	25.25	5.08	0.72	2.22	33.27	3.29
2010-11	3.29	20.00	8.52	1.81	0.48	34.10	17.17	5.12	1.54	1.60	25.43	8.67
2011-12	8.67	30.00	47.90	2.09	0.58	89.24	27.78	5.75	1.92	0.58	36.03	53.21
2012-13	53.21	13.00	9.49	0.86	0.66	77.22	13.71	7.01	2.77	0.66	24.15	53.07
Total		**94.00**	**75.19**	**6.80**	**1.94**		**92.25**	**27.03**	**8.16**	**6.90**		

Table-2.5.5 (Non-Plan)

(₹ in crore)

Year	Opening balance	Receipts				Expenditure	Closing balance
		State	Internal Receipts	Loan from other accounts	Total		
2008-09	0.77	36.19	18.65	5.00	60.61	60.36	0.25
2009-10	0.25	45.56	21.13	11.00	77.94	77.88	0.06
2010-11	0.06	53.73	28.23	7.10	89.12	89.04	0.08
2011-12	0.08	70.35	31.36	5.50	107.29	107.23	0.06
2012-13	0.06	93.90	33.09	0.00	127.05	127.01	0.04
Total		**299.73**	**132.46**	**28.60**		**461.52**	

43 Loan raised from other sources of the University

The utilization of the available funds (Plan and non-Plan) ranged between 73 *per cent* and 97 *per cent* during the period from 2008-09 to 2012-13 whereas in respect of 'Plan' grants it ranged between 31 *per cent* and 91 *per cent* during the same period. The University could utilize 36 *per cent* of funds received from UGC towards infrastructure development. The Assistant Registrar (Development) stated that Prime Minister's Reconstruction Plan (PMRP) funds could not be utilized due to non-acquisition of land for development of infrastructure at Leh, Kargil and Kupwara campuses of the University.

Against ₹205.83 crore released for the purpose by the State Government, an expenditure of ₹267.03 crore was incurred by the University on salaries (₹221.16 crore) and pensions (₹45.87 crore) during the years 2008-09 to 2011-12 showing excess expenditure to the extent of ₹61.20 crore. The excess expenditure was met by the University from borrowings from internal receipts/ other sources such as UGC projects. Audit noticed that temporary loan of ₹8.01 crore raised from UGC projects during the period 2008-12 had not been recouped (March 2013) by the University.

2.5.10.1 Submission of incorrect utilization certificates

The UGC released funds during 11th Plan period (2007-12) under 'General Development Assistance Scheme' (₹6.86 crore) and 'Merged Schemes' (₹3.74 crore) to improve the infrastructure and basic facilities in the Universities, promote enhancement of quality and publication of thesis, research papers etc. The utilization certificates (UCs) were to be furnished to the UGC as early as possible after the close of the financial year.

Audit noticed that the University had furnished UCs for amounts in excess of amounts released. Against an expenditure of ₹4.43 crore under 'General Development Assistance Scheme and ₹4.30 crore under 'Merged Schemes' incurred during the period 2007-12 the University had furnished utilization certificates ending March 2013 for ₹12 crore and ₹6.18 crore respectively. The utilization certificates for extra amounts to the extent of ₹7.57 crore and ₹1.88 crore for both these schemes were furnished by the University to the UGC thereby reporting incorrect expenditure to the UGC. The Registrar stated (January 2014) that the settlement of accounts with the UGC as per actual expenditure would be undertaken by the University.

2.5.10.2 Outstanding advances

The State Financial rules provides that advances granted for specific purposes should be adjusted by detailed bills and vouchers within shortest possible period. Audit scrutiny of records showed that ₹2.57 crore advanced (2008-13) to the University staff remained unadjusted (March 2013) in the books of accounts of the University in respect of 204 employees. The year-wise break-up of advances outstanding as of March 2013 is given in **Table-2.5.6**.

Table-2.5.6

(₹in lakh)

Year	Upto March 2008	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Outstanding advances	18.87	20.69	15.40	14.53	32.81	154.24	**256.54**
Outstanding Number of Cases	44	10	19	18	39	74	**204**

The Registrar stated (January 2014) that efforts would made to recover all the outstanding balances of advances within the shortest possible period.

2.5.10.3 Diversion of funds

(i) The funds shall be utilized for the purpose for which they are meant and no diversion of funds shall be allowed under any circumstances. Audit noticed diversion of UGC funds to the extent of ₹1.85 crore as detailed in **Table-2.5.7**.

Table-2.5.7

S. No.	Scheme/Purpose for which funds released	Diverted
1.	₹6.86 crore released by UGC under 'General Development Assistance Scheme' during 11th five year Plan period for purposes like books & journals, equipment and buildings (SA Boys Hostel, Cafeteria, Youth Sports Hostel, Education Block) etc.	₹30.80 lakh (₹19.48 lakh in January 2013 on purchase of Bus, ₹6.70 lakh in February 2013 on clearance of the liability for construction of Humanities Block and ₹4.62 lakh in February 2013 on civil works of gymnasium hall)
2.	₹3.74 crore released by UGC under '11th Plan Merged Schemes' for travel, conferences/ seminars/ symposia, publication, day care centre, adventure sports, instrument maintenance, construction of women's hostel, basic facilities for women, equal opportunity for SC/ ST/ OBC coaching and facilities for physically challenged students	₹54.06 lakh (₹50.15 lakh on execution of civil works such as construction of: double storey examination block at Degree College Anantnag, Gallery for connecting dining hall and kitchen SA Boys Hostel, Compound walling around Quarat-ul-ain Girls Hostel, IT & SS Block, Bathrooms, chain link fencing for DSW building, face lifting of economics, history, education and commerce departments etc. during the period 2008-13 and ₹3.91 lakh (March 2013) on purchase of furniture items).
3.	₹41.49 crore released (January 2012) for development of north and south campuses and establishment of Leh, Kargil and Kupwara campuses. The amount was invested in FDRs with the Bank and the Interest earned on the amount was to be treated as addition to the grant.	₹One crore from interest earned was transferred (June 2012) on repayment of interest on loan taken by the University for purchase of 300 *kanals* of land at Zakura.

After this was pointed out, the Assistant Registrar (Development) of the University stated (July 2013) that expenditure of ₹84.86 lakh incurred out of these schemes would be recouped as and when the funds were released by the State Government.

(ii) With the intention of helping the working parents in pursuing their job and/ or academic career, the UGC sanctioned (2008-09) a one-time lump-sum grant of ₹five lakh for establishment of Day care centre with essential facilities (on payment basis) in the University for children (upto six years of age) of teachers and University employees. Audit noticed that the University could not utilize the allotted funds and diverted (2011-12) ₹0.36 lakh on renovation of University's Model High School. The University did not establish the Day Care Centre depriving the staff members of the University (Teaching/ Non-teaching) of intended benefits.

(iii) As per Chapter-XI of University Calendar-2010 Volume-I, the part of the fees realized from the students and research scholars of the University at the time of admission on account of Games, Social Activities, Students Assistance, Reading Room, Stationery, Excursion & Miscellaneous Fund, are credited to Local funds maintained by the departments and are to be utilized for the purpose for which collected. The separate accounts are required to be maintained in the shape of departmental ledgers for each local fund collected during the year and the savings at the end of each academic year i.e. 31 December along with interest earned on fixed deposits and saving Bank account is to be transferred to consolidated local Fund in each Department of the University.

Audit noticed that in 14 test-checked departments separate ledgers were not maintained for different local funds and saving between ₹7.70 crore and ₹10.78 crore during the years 2008-09 to 2012-13 continued to remain in the Local Fund Account as the consolidated Local Fund was not created (March 2013). Out of ₹26.76 crore collected from students on account of fee during the period 2008-13, an amount of ₹9.63 crore was diverted towards payment of wages, repair and renovation works and office expenses etc. in 10 Departments.

2.5.10.4 Non-investment of surplus funds

As per Chapter XI of University Calendar 2010 Volume I, local fund money which is not anticipated to be utilized immediately may be placed in fixed deposit for such period as may be decided by the Head of the Department in consultation with the Local Fund Committee. Audit noticed that in 11[44] PG Departments the local fund money was not invested in fixed deposits and instead 24 Bank accounts (savings Bank Accounts (16)/ current Bank Accounts (8) were operated by these departments for the local fund wherein the minimum balances ranging between ₹0.06 lakh to ₹6.11 crore were lying during April 2008 to March 2013.

2.5.10.5 Non-finalisation of annual accounts

As per Article 16 of the Kashmir and Jammu Universities Act 1969, the ex-officio Financial Adviser nominated by the State Government is required to exercise general supervision over the funds of the University and advise the Government with regard to its financial matters. The Financial Adviser has also to submit the annual estimates and the statement of accounts to the Syndicate and the University Council. Audit noticed that the funds received from the State Government/ GOI/ UGC and part of local fund were accounted for under a total of 25 accounts such as Non-Plan, Plan, Pension Fund, Staff Welfare Fund, Rolling Account, Corpus Fund, P.M fund etc. The accounts of the University were compiled by the Faculties (Examination), 38 PG Departments, 15 Research and other centres and Registrar of the University in a compartmentalized manner in 123 separate accounts (cash books).

The University had not prepared its consolidated annual accounts since inception. It had also not maintained Income Expenditure Account, Balance Sheet, ledgers/ journals, asset registers, etc. However, the University had prepared Receipt and

[44] Department of Computer Sciences, Education, Bio-Chemistry, Bio-Technology, Botany, Chemistry, Physics, Distance Education, Mathematics, Electronics and Pharmaceutical Sciences

Payment accounts, which did not include the receipts of 38 PG Departments, affiliation fee received from the private affiliated colleges and receipts of the two satellite campuses of the University. Due to non-preparation of consolidated accounts, a true and fair picture of the University finances was not reflected in the accounts. Audit noticed that receipts of ₹26.76 crore and expenditure of ₹23.41 crore during the years 2008-09 to 2012-13 alongwith the closing balance of ₹10.78 crore as of March 2013 and investment of ₹8.65 crore (FDRs) in respect of 14 test-checked Departments/ Centre and two satellite campuses had not been accounted for in the consolidated accounts (Receipt and Payment accounts) of the University.

The Registrar stated (January 2014) that giving due cognizance to audit observation and directions of the State Government the University has decided to switch over to Double entry system of accounting and compile the financial statements as per proforma received from the State Government. The Registrar further informed that with regard to reconciliation of main accounts the concerned section has already undertaken the task and most of the accounts have been reconciled.

2.5.10.6 Other irregularities in financial management

(i) Out of labour cess of ₹61.94 lakh required to be deducted from the bills of the contractors under Building and Other Construction Workers Cess Act, 1996 an amount of ₹3.73 lakh only was deducted during the period 2008-13 resulting in non-deduction of ₹58.21 lakh.

(ii) To create an enabling environment for sports in the universities, UGC approved (2007-08) an allocation of ₹50 lakh under the Scheme 'Adventure Sports and Development of Sports Infrastructure and Equipment'. The UGC released ₹25 lakh during the year 2011-12 against which an expenditure of ₹20.71 lakh was incurred on creation of the sports infrastructure such as Gymnasium equipment. The University did not submit plans/ proposals to the UGC for organising and conducting adventure sports events/ programmes for the students as envisaged in the scheme guidelines as a result ₹25 lakh were not released and also the intended objectives of the scheme could not be achieved. Thus, the funds released by UGC were not utilized for the intended purposes and instead diverted.

2.5.10.7 Deficiencies in maintaining cash books

The maintenance of cash books of the Departments of the University was deficient as in 11 test-checked PG Departments separate cash books were maintained irregularly for receipts and expenditure in respect of local fund, Directorate of Internal Quality Assessment fund and Society Fund. However in respect of funds received from Distance Council of India, against requirement of maintaining separate Cash Book, the transactions were clubbed with local fund grants. Further, the cash books maintained by seven test-checked PG Departments were not closed periodically as a result the balances available under the respective accounts were not ascertainable and reconcilable with Bank accounts. The reconciliation of cash book figures with bank statements was not carried out at the end of each financial year during 2008-09 to 2012-13.

2.5.11 Estates management

2.5.11.1 Acquisition of land

The University identified a piece of land measuring 300 *kanals* at Zakura, Srinagar in close vicinity of the main University campus for developing it for future expansion and growth of the University. For this purpose, the University executed a Memoranda of Understanding (MOU) with the J&K Bank Ltd; being the attorney holder of 10 residents of Khanyar Srinagar (owners of land measuring 259 *kanals* and 9 ½ *marla*) and of three residents (owners of 39 *kanals* and 17 *marlas* of land). These owners of the land had authorized the Bank to sell their land to the University to adjust their loan accounts. The University agreed to buy these lands at the rate of ₹20 lakh per *kanal* involving cost of ₹59.86 crore. The University raised loan of ₹52.97 crore (March 2009: ₹45 crore; March 2010: ₹7.97 crore) from J&K Bank Ltd; repayable within one year or on the date of release of grant by the State Government, whichever was earlier. The State Government had released ₹60 crore for this purpose during the period 2008-12. The two chunks of lands (259 *kanals* and 9 ½ *marlas* and 39 *kanals* and 17 *marlas*) are not geographically contiguous and require additional acquisition for a compact campus. Audit noticed that the rates of the land had been determined through MOU without involving the Revenue Department for acquisition of land under the Land Acquisition Act. An expenditure of ₹64.68 crore was incurred on purchase of 299 *kanals* and 6 ½ *marlas* of land against ₹71.73 crore (₹59.86 crore: cost of land and ₹11.87 crore: interest charged on loan) due as of March 2013. Audit noted that the decision to go in for negotiated purchase of encumbered property without proper assessment of immediate and long term requirements was injudicious. The lapse was compounded by accepting a negotiated price without ascertaining the circle rate/ market rate and further compounded by taking recourse to a costly loan from the seller/ attorney holder. As per the records available in the Revenue Department the highest sale deed registered with the revenue authorities in June 2008 for adjacent plot of land in Zakura, Srinagar was ₹two lakh (approximately ₹four lakh per *kanal*). However the University had purchased the land through the J&K Bank Ltd; at exorbitant rates @ ₹20 lakh per *kanal*. This resulted in purchase of land at a higher cost of ₹47.89 crore. Though the possession of land was taken over (March 2009 and March 2010) by the University but the title of the land was not transferred in its favour (July 2013). The injudicious decision relating to acquisition of 299 *kanals* and 6 ½ *marlas* of land had caused financial burden of ₹71.73 crore (March 2013) with further liability of interest on unpaid amount.

2.5.11.2 Infrastructure development and implementation of schemes

The University has a Construction Wing for executing construction and maintenance works of existing departments and administrative buildings, hostels, residential quarters and internal roads in main campus as well as in other satellite campuses, etc. Audit noticed delay ranging between two months and 52 months in completion/

execution of eight building projects on which an expenditure of ₹27.53 crore was incurred during the period 2008-13. As the Construction Wing of the University had not established its store, the key construction material for the works was utilised by the contractors themselves. The materials utilised by the contractors in respect of all the works executed in the University during the period 2008-09 to 2012-13 were not got tested at any stage of execution to ensure that they conform to the quality and prescribed specifications indicating poor quality control mechanism. The Executive Engineer of the Construction wing of the University stated that the proposal for establishment of stores was submitted to the authorities to ensure quality of material used on works. Following further points noticed in execution of works are as follows:

(i) As per the Act there shall be a Works/ Building Committee in the University to assist the Syndicate and the University Council in formulation of plans for setting up of campuses and their development including site development, construction of buildings, selection of agencies for execution and supervision of works and to tender advice on technical matters relating to construction works. However, it was noticed that the University Works Committee was not constituted during the period 2008-09 to 2012-13 and no plans for infrastructure development activities of the campuses were formulated. Audit also noticed that the selection of agencies and construction of 137 major/ minor building projects (expenditure: ₹31.57 crore) were undertaken during the period 2008-09 to 2012-13 without formulation and approval of plans by the University Council. The Registrar stated (January 2014) that the proposal for constitution of works committee was under active consideration.

(ii) Financial Rules provide for execution/ allotment of works after proper estimation at competitive rates and in a transparent manner by resorting to open tendering system. Audit scrutiny showed that 29 works were taken up for execution during the period 2007-08 to 2012-13 at an estimated cost of ₹23.35 crore without preparing Detailed Project Reports. The cost of these works were revised to ₹40.25 crore. Further, supplementary agreements for additional works amounting to ₹23.88 crore were irregularly made with contractors on already allotted rates and works were got executed without calling for fresh tenders. The Executive Engineer stated (March 2013) that during execution of works the authorities directed for modification of plans, raising of additional floors and accommodation facilities which necessitated revision of estimates of the works.

(iii) The Construction of a three storeyed building for Education Department was administratively approved (June 2007) at an estimated cost of ₹2.83 crore. Tenders for execution of the work were invited (November 2007) by the Construction Wing of the University at an advertised cost of ₹2.83 crore. Test-check of records showed that in anticipation of technical sanction the work was allotted to the first lowest tenderer at a cost of ₹2.21 crore. The University Authorities failed to identify land and demarcate the location for construction of the building till July 2008 as a result the contractor expressed his inability to execute the work at allotted cost and instead requested for execution of work at the enhanced rates to be raised by 40 *per cent* (arriving at ₹3.09

crore). The work was put (July 2008) to fresh tenders at an advertised cost of ₹3.30 crore and work was allotted (September 2008) to another contractor at a negotiated cost of ₹3.54 crore. Thus failure of the University Authorities to timely demarcate the land for construction of the building resulted in allotment of work at higher cost to the extent of ₹1.33 crore.

(iv) To provide assistance for creating and strengthening infrastructure facilities for women students, teachers, researchers and non-teaching staff members in the Universities, the UGC approved an allocation of ₹50 lakh during 11th Plan period (2007-12) under Basic Facilities for Women Scheme for creation, maintenance and up-gradation of infrastructure under (a) Ladies toilets (b) Ladies Common Room/ Cyber Café (c) Gymnasium and (d) Medical Room. The University failed to provide such infrastructure facilities for women in the University as the funds amounting to ₹25 lakh released (2010-11) for the purpose were not utilized during the period 2010-13.

2.5.12 Human Resources management

To maintain the academic standards in educational institutions, the availability of qualified and experienced faculty is a pre-requisite, as shortage of faculty affects the quality of education. The position of sanctioned posts and men-in-position of teaching staff (excluding staff engaged on research and distance education) during the period from 2008-09 to 2012-13 is given in **Table-2.5.8**.

Table-2.5.8

Year	Professors		Associate Professors		Assistant Professor		Total		Shortfall	Percentage
	SS[45]	ES[46]	SS	ES	SS	ES	SS	ES		
2008-09	62	35	96	69	227	187	385	291	94	24
2009-10	63	37	97	71	235	196	395	304	91	23
2010-11	64	31	112	66	278	204	454	301	153	34
2011-12	65	37	118	68	282	202	465	307	158	34
2012-13	65	33	121	70	282	202	468	305	163	35

The shortfall in teaching faculty ranged between 23 and 35 *per cent* during 2008-09 to 2012-13. As against the sanctioned strength of 468 (2012-13) teaching faculty, the effective strength was 305 in the University showing shortfall of teaching staff to the extent of 35 *per cent*.

2.5.12.1 Excess strength of non-teaching staff

The UGC prescribed a ratio of 1:1.3 for teaching and non-teaching staff for the Universities. The University, however, did not maintain the prescribed staff strength as it was observed that the existing ratio for teaching and non-teaching staff (excluding the staff working on contract basis, part-time and as daily-wagers) was far in excess of the established norms as detailed in **Table-2.5.9**.

45 Sanctioned Strength
46 Effective Strength

Table-2.5.9

Year	2008	2009	2010	2011	2012
No. of Teaching Staff	291	304	301	307	305
No. of Non-Teaching Staff	1478	1466	1540	1544	1583
Ratio for Teaching to Non-Teaching staff	**1:5**	**1:4.8**	**1:5.1**	**1:5**	**1:5.1**

The ratio of teaching and non-teaching staff ranged between 1:4.8 and 1:5.1 during the period 2008-09 and 2012-13. Despite adverse ratio indicating existence of excess non-teaching staff, the University had engaged additional non-teaching staff on contract/ part-time basis.

2.5.12.2 Academic Staff College – Inadequate training programmes

The National Policy on Education recognized (1986) the need for improving quality of teaching and proposed to provide opportunities for professional and career development and for enhancing motivation skills and knowledge of teachers through systematic orientation in specific subjects, techniques and methodologies. To achieve this end, Academic Staff College (ASC) was established (1987) by the University Grants Commission. Test-check of the records however showed that:

The Orientation/ Refresher Courses in the Academic Staff College were not organised as planned. Out of 97 Orientation Programmes (OPs)/ Refresher Courses (RCs)/ workshops/ short term courses for teaching faculties of universities and colleges planned during the period 2008-09 to 2012-13, 54 courses were organised resulting in shortfall of 49 *per cent*. The shortages ranged between 24 *per cent* and 70 *per cent* during the period 2008-09 to 2012-13.

The RCs on Indian Languages, Environmental Sciences and Human Rights planned during the period 2008-12 were not conducted. The Director ASC attributed this to non-receipt of required number of applications despite written requests to all the HOD's and Principals of all the degree colleges in the valley.

According to UGC norms for allotment of OPs/ RCs, it was made mandatory for the Academic Staff College to conduct three to five OPs of four weeks duration during the period 2008-11 and four to six OPs during 2011-12 and 10 to 15 RCs of three weeks duration. The Academic Staff College could organise only 13 RCs against the minimum requirement of 30 RCs during the period 2009-12.

The Director Academic Staff College attributed (December 2012) shortfall to the fact that the college had to depend upon the concerned HOD's from whom the college got little support besides the Principals of the colleges do not relieve the participants for the courses due to peak academic session and due to shortage of permanent teachers in the colleges. The contention is not tenable as ASC had mandatory obligation to fulfil the minimum requirement in respect of conducting RCs/ OPs.

2.5.12.3 Skill up-gradation of non-teaching staff members

Against the existing staff strength of 1583 non-teaching staff members (March 2013) training was imparted only to 299 members (19 *per cent*) in 15 programmes and the percentage of members who attended the training programmes viz short term computer courses, management of university admission/ finances and Accounts standards etc. ranged between 0.14 *per cent* and 8.42 *per cent* during the period 2008-09 to 2012-13. The University was deficient in imparting training programmes for skill up-gradation to non-teaching staff of the University.

2.5.12.4 Capacity building for women

With a view to increasing the participation of women in higher education management for better gender balance and to sensitize the higher education system through policies and procedures which recognize gender equity and also to involve women capable of becoming administrators for the qualitative development of higher education, the UGC prescribed guidelines for submitting proposals for release of funds to hold training programmes, awareness/ motivation workshops, research stimulation workshops, management skill workshops etc. and to develop and distribute resource material. Audit noticed that the University failed to provide such training programmes and organize capacity building activities during the period 2008-09 to 2012-13. The Assistant Registrar (Development) stated that the UGC had not released funds under the scheme. The reply is not acceptable as the University had not submitted the proposals in this regard to UGC.

2.5.13 Oversight role of the University on affiliated colleges

(i) As per Chapter IV of Kashmir University Calendar 2010 (Volume I), the Board of Inspection has to appoint a Committee for inspecting the Institutions seeking affiliation. The report of the Committee is to be placed before the Syndicate with the recommendations of the Board of Inspection for final orders. Audit noticed that though the Board of inspection was constituted, yet it did not hold its meetings during the period 2008-13 and had not appointed a Committee for inspection of Institutions. The affiliation to courses offered by the private colleges was granted by the University on the recommendations of a Committee appointed by the University without involving Board of Inspections in anticipation of the approval of the Syndicate.

As per the statutes for affiliation, the University can grant affiliation after conducting the inspections and the relevant portions of the report of the Inspectors together with their recommendations, in the first instance, is to be sent to the authorities of the Institutions/ colleges, for such comments as they may desire. The report together with the said comments is to be placed before the Board of Inspection whose recommendations shall be submitted to the Syndicate and decision of the Syndicate shall be sent for information to the Head of the Institution. The conditions, if any, laid down by the Syndicate on the recommendations of the Board of Inspection, in regard to staff, equipment, and future additions and alterations to the building and construction of new building(s) is to be fulfilled within time frame ranging between six months and two years. The position of the affiliation status of the colleges during the years 2008-09 to 2012-13 is given in the **Table-2.5.10.**

Table-2.5.10

Year	Year-wise Position of number of Affiliated Colleges				Total
	Permanent Affiliations		Temporary Affiliations		
	Government	Non-Government	Government	Non-Government	
2008-09	22	01	15	82	**120**
2009-10	22	01	15	87	**125**
2010-11	31	01	06	83	**121**
2011-12	31	01	07	85	**124**
2012-13	38	01	10	99	**148**

The conditional annual temporary affiliation was granted for courses offered by the Non-Government Colleges (between 82 and 99) during the period 2008-13 without ensuring the rectification of deficiencies noticed by the inspection committee of the University. Audit noticed that the deficiencies were mostly on account of inadequate faculty/ staff, non-provision of scholarship to students and non-creation of endowment fund for welfare of students. Thus by granting temporary affiliations with conditions the quality of education was not ensured in these affiliated colleges.

(ii) To ensure quality education, the College Development Council (CDC) decided (December 2010) to make NAAC accreditation with a minimum letter grade "B" mandatory for Private B.Ed Colleges. However, the conditional temporary affiliation of courses offered by 66 private B.Ed. colleges for the academic years 2011 and 2012 was granted without insisting upon the mandatory NAAC accreditation certificate. Thus decisions of the College Development Council for ensuring quality education were not implemented.

(iii) The grant of affiliation to the colleges is subject to evaluation of the available infrastructural facilities by the University. Audit check of the records however, showed that 11 government colleges were granted (June 2011) temporary affiliation despite not fulfilling the necessary preconditions relating to infrastructure facilities. Ten degree colleges were without buildings and were housed in Middle/ High/ Higher Secondary school buildings/ Library block/ pre-fabricated huts. One Government Degree College (at Larnoo, Vailoo, Anantnag) was housed in a private building with only four class rooms.

2.5.14 Conclusion

There were admissions in excess of intake capacity in some courses and far less than intake capacity in other courses in the University. The research activities undertaken in various Departments of the University had not been closely monitored as most of the projects were abandoned and there was delay in completion of some research projects. The consolidated annual accounts of the University were in arrears since inception. The injudicious decision of the University authorities in acquisition of land resulted in extra burden on the resources of the University. The construction of most of the building projects was undertaken without formulation and approval of plans and there were instances of execution of works without invitation of tenders. There was shortfall of teaching faculty and the ratio of teaching and non-teaching staff in the University was more than the prescribed UGC norm.

2.5.15 Recommendations

The University may like to consider:

- preparation and finalisation of consolidated accounts of the University;
- developing infrastructure facilities by following prescribed rules/ procedures;
- reviewing the ratio of teaching and non-teaching manpower profile of the University; and
- strengthening monitoring mechanism for research activities.
- strengthening oversight of affiliated colleges.

CHAPTER-III

COMPLIANCE AUDIT

CHAPTER- III: COMPLIANCE AUDIT

AGRICULTURE PRODUCTION DEPARTMENT

3.1 Implementation of Rashtriya Krishi Vikas Yojana (RKVY)

The comprehensive State Agriculture Plan (SAP) had not been prepared by the Nodal Agency. An amount of ₹11.30 crore was allocated in excess of prescribed limit under Stream-II of the scheme. An expenditure of ₹60.51 lakh incurred on establishment of Hi-Tech Green houses was rendered unfruitful as these were not made functional. Excess assistance to the extent of ₹1.38 crore was paid to 198 beneficiaries during the period 2009-13 under Natural resource management sector.

Rashtriya Krishi Vikas Yojana' (RKVY) a Centrally Sponsored Scheme aims at rejuvenating agriculture so as to achieve four *per cent* annual growth in the Agriculture sector during the eleventh plan period (2007-12). Under RKVY, Central funds are provided to the States as 100 *per cent* grant and *inter se* share of each State is determined according to a formula, which seeks to protect non-RKVY funding of Agriculture sector from State's own resources. At least 75 *per cent* of RKVY funds (Stream-I) to a State are to be earmarked for financing new, specific projects and the balance at most 25 *per cent* (Stream-II) is to be earmarked for strengthening the existing State sector schemes and filling of resource gap. The Agriculture Production Department headed by the Commissioner Secretary is the Nodal department at the State level for implementation of the scheme and the Directorate of Agriculture, Kashmir has been designated as a Nodal agency for monitoring activities of the scheme at the State level.

The audit of implementation of the scheme covering the period 2009-10 to 2012-13 was carried out between April-September 2013 through test-check of records of eight[1] provincial Directorates, Nodal Agency and thirty three implementing Agencies. Important Audit findings are as under:

3.1.1 Deficient planning process for the implementation of the scheme

(i) The scheme guidelines provide for formulation of the Comprehensive District Agriculture Plan (DAP) based on proposals of the grass root level (Block/ Panchayat/ *Gram-Sabha*) and District Agriculture Planning Units/ Block Agriculture Planning Unit/ Village Agriculture Plan Units. The DAP would include animal husbandry, fisheries, minor irrigation projects, rural development works and agriculture marketing schemes including schemes for water harvesting and conservation after taking into consideration availability of natural resources and technological possibilities in the district. The participation of all the sections of the society specifically women and the disadvantaged persons was to be ensured while preparing DAPs. The Nodal agency had to prepare a comprehensive State Agriculture Plan

[1] Agriculture, Horticulture, Floriculture and Command (two each)

(SAP) by integrating District Agricultural Plans for submission to the State Planning and Development Department for integrating with the overall State Plans.

Audit noticed that the DAPs were prepared at the district level but the Nodal agency failed to prepare a comprehensive State Agriculture Plan (c-SAP) at the State level. Further, DAPs prepared by the Districts of Kashmir region had been formulated without conducting any study to analyze the agro-climatic conditions, availability of technology, natural resources and participation of all the sections of the society. The Chief Agriculture Officer, Baramulla attributed (July 2013) non-preparation of DAPs in accordance with the scheme guidelines to the lack of expertise and time constraint.

(ii) The scheme guidelines envisage that besides preparing a shelf of projects for submission to the State Level Sanctioning Committee (SLSC) under Stream-I, the Nodal agency was required to frame the Detailed Project Reports (DPRs) of each project and place them before the SLSC for accord of sanction. Audit noticed (June 2013) that as against the shelf of projects under Stream-I to be prepared for submission to SLSC, the ongoing activities being implemented under other schemes were taken as projects under RKVY and presented to the SLSC.

3.1.2 Financial Management

The position of funds received by the State Government and the expenditure incurred there against during the period 2009-13 is indicated in **Table 3.1.1.**

Table-3.1.1

(₹in crore)

Year	Opening Balance	Receipts	Total availability	Expenditure incurred	Unutilized Funds	Percentage of funds unutilized
2009-10	Nil	42.05	42.05	28.27	13.78	33
2010-11	13.78	95.59	109.37	59.02	50.35	46
2011-12	50.35	56.03	106.38	80.39	25.99	24
2012-13	25.99	108.87	134.86	101.28	33.58	25
Total		**302.54**		**268.96**		

(Source: Records of Director Agriculture Kashmir)

Audit noticed that;

- There were considerable delay in release of funds ranging between one month and five months at State Finance Department/ Nodal agency level and upto 6 ½ months at Directorate/ District Level. The Deputy Director (Resources)/ CAO Finance Department attributed (August 2013) the delay to late credit of central assistance and delayed submission of proposals by the Nodal department.
- As against permissible amount of ₹19.38 crore (25 *per cent* of ₹77.52 crore received during the year) an amount of ₹30.68 crore was allocated under Stream-II during the year 2010-11 showing excess allocation of ₹11.30 crore during the year.
- Under the scheme guidelines, assistance is admissible for farm mechanization efforts especially for improved and gender friendly tools, implements and machinery excluding tractors. However, it was noticed that an assistance of ₹13.20 lakh was paid to 13 beneficiaries by Chief Horticulture Officer Kathua/

Udhampur and Chief Agriculture Officer, Udhampur for purchase of tractors during 2010-13.

- Funds to the tune of ₹21.49 crore were released in lump-sum by the Director Horticulture Kashmir/ Jammu during the period 2009-13 to the implementing agencies (Chief Horticulture Officers) without showing component-wise allotment thereby facilitating the implementing agencies to utilize funds at their own convenience.
- 200 projects were sanctioned for execution during the period 2009-13 under the selected sectors at a cost of ₹137.25 crore. Out of these 78 projects had been completed at a cost of ₹50.90 crore and 88 projects were in progress and an expenditure of ₹74.63 crore had been incurred thereon as of March 2013. The remaining 34 projects were yet to be implemented (March 2013). It was noticed that an expenditure of ₹34.80 lakh was incurred on 29 projects (out of 166 completed/ in-progress projects) over and above the sanctioned cost without obtaining approval of the SLSC.

3.1.3 Implementation of schemes under RKVY

3.1.3.1 Micro/ Minor irrigation sector

(i) Creation of liability and wasteful expenditure

As per Technology mission guidelines, an assistance of ₹one lakh was to be provided to an individual for creating water source through construction of farm ponds/ dug wells. Test-check of records of the Chief Horticulture Officer Udhampur (CHO) showed that as against 16 water sources targeted to be created during 2009-10 at a cost of ₹16 lakh, 109 water sources were created during the year at an expenditure of ₹39.73 lakh resulting in creation of liability to the extent of ₹23.73 lakh. The part liability of ₹5.87 lakh was cleared from the same component of the scheme funds and the remaining liability of ₹17.86 lakh had been cleared by diverting funds from other activities of the scheme during the years 2010-11 and 2011-12. It was also noticed that 52 such water sources (out of 109) had got damaged or had developed cracks rendering the expenditure of ₹18.15 lakh incurred thereon wasteful. The Director Horticulture stated that the concerned officer shall be asked to explain the reasons for exceeding the targets.

(ii) Delay in completion of works

The Command Area Development project "On-Farm Development (OFD) works and Water Conservation Structures" taken up by the Command Area Development Department aimed at overall development of natural resources and improvement of socio-economic condition of the farmers by way of creation of field channels which carry water from outlets to individual field plots for irrigation purposes. Against targeted area of 1671 hectares projected to be completed under these two projects in two districts[2] during the period 2010-12, an area of 824.50 hectares (49 *per cent*) only

[2] Kathua and Udhampur

had been covered after incurring expenditure of ₹162.71 lakh as of March 2013 benefiting 647 beneficiaries as against 7600 beneficiaries targeted by the Department.

3.1.4 Horticulture sector

3.1.4.1 Unfruitful expenditure due to non-utilisation of Green houses

Audit noticed that out of five Hi-tech Green houses established at a cost of ₹45.30 lakh (between June 2010 and March 2012) in the test-checked districts only one Green house had been made functional after a period of more than two and half years whereas the remaining four Green houses had not been made functional as of September 2013 due to non-availability of electricity/ water connections and even after incurring further expenditure of ₹24.27 lakh on the construction of bore wells, installation of three phase electric connections and purchase of generators for these four Hi-tech Green Houses. Thus expenditure of ₹60.51 lakh incurred on the establishment of four Hi-Tech Green houses was rendered unfruitful. The Director Horticulture Kashmir however stated (October 2013) that the matter would be looked into and the basic amenities would be arranged for making them functional.

3.1.4.2 Non imposition of penalty

The terms and conditions of the Notice Inviting Tenders (NIT) floated (January 2010) by the Director Horticulture, Kashmir for installation/ establishment of Hi-Tech Green House stipulate that penalty at the rate of 0.5 *per cent* per day of total cost of contract shall be recovered from the suppliers for not making supplies up to 45 days and thereafter supply order was to be cancelled. Audit noticed (September 2013) that the above penalty clause was not incorporated in the terms and conditions of the supply order and no agreement was also executed by the Department with the supplier before issuing supply order. The contractor had however, supplied/ installed Hi-Tech Green Houses at cost of ₹64.22 lakh at seven selected sites after a delay ranging between 2 ½ months and 27 months. The penalty of ₹14.45 lakh as envisaged in the NIT had neither been imposed nor recovered from the contractor, resulting in grant of undue benefit to the contractor. The Director Horticulture Kashmir accepted (December 2013) that no penalty had been imposed on the contractors and that the reasons for non-imposition of penalty are being ascertained from the concerned Chief Horticulture Officers.

3.1.4.3 Non-utilisation of grafting Huts for budders

Thirty two grafting huts had been constructed for budders in Kashmir province under the scheme during 2010-11 at a cost of ₹2.19 crore. Out of these grafting huts 11[3] huts were physically inspected by audit alongwith departmental representatives and it was noticed that nine huts were being used for office purposes, one hut was being used by the contractor for dumping material and one hut had not been put to use since its construction thereby defeating the purpose for which these were constructed.

[3] Baramulla: 3;Kupwara: 3;Bandipora: 3; Srinagar: 1 and Pulwama: 1

3.1.5 Natural resource management sector

3.1.5.1 Grant of assistance in excess of admissible limit

The operational guidelines (2010) of the Technology Mission provides for construction of Water Harvesting Systems/ Tanks (WHT) of 1200 cubic meter capacity by individuals at a cost of ₹1.38 lakh. The assistance is to be provided to the beneficiaries at the rate of 75 *per cent* of the total cost of construction subject to a maximum of ₹1.03 lakh and for smaller size of WHT amount is to be provided on pro-rata basis. The assistance of ₹one lakh (₹333 per cubic meter) for 300 cubic meter was to be provided for creating water source through construction of farm ponds/ dug wells by individuals prior to the year 2010. Test-check of records showed that assistance of ₹1.97 crore had been paid to 198[4] beneficiaries during the period 2009-13 against the admissible assistance of ₹0.59 crore[5] resulting in grant of excess assistance to the extent of ₹1.38 crore.

3.1.6 Organic farming sector

3.1.6.1 Excess payment

The operational guidelines (2010) of the Technology Mission envisage that assistance at the rate of 50 *per cent* of cost of the unit subject to maximum of ₹30,000 per beneficiary was to be provided for establishment of vermi compost units/ organic production units. Test-check of records of five Chief Agriculture Officers[6] showed that against an admissible amount of ₹ 15.69 lakh, an assistance of ₹25.20 lakh was paid to 84 beneficiaries for establishment of vermi compost units during the period 2009-13 resulting in excess payment of assistance to the extent of ₹9.51 lakh.

3.1.7 Non-farm activities sector

3.1.7.1 Non-utilisation of assistance for intended purpose

The terms and condition for availing assistance under custom hiring service through Agri-Business Centre (ABC) of the scheme envisage payment of assistance to the extent of 75 *per cent* subject to maximum of ₹three lakh on purchase of any one Agriculture machinery/ equipment and ₹five lakh for purchase of more than one such equipment The assistance was not to be provided for purchase of tractors and tractor trolleys. Test-check of records of the Chief Agriculture Officer (Kathua and Baramulla) showed that four beneficiaries had produced bills to the Department in respect of machinery/ equipment valuing ₹38.43 lakh which included bills of ₹25.08 lakh relating to purchase of tractors and tractor trolleys. The Department had allowed assistance of ₹20 lakh against the admissible amount of ₹10.01 lakh to the beneficiaries resulting in grant of excess assistance of ₹9.99 lakh. It was also noticed (June 2013) that assistance amounting to ₹10 lakh for establishment of ABC was paid by CAO Baramulla on the recommendations/ directions of the MLAs of concerned areas.

---

4 Jammu: 20; Kashmir: 178

5 Size of WHT constructed in the range of 70 cubic meters and 1040 cubic meters during the period 2009-13

6 Kathua, Udhampur, Baramulla, Kupwara and Bandipora

3.1.8 Strengthening and Development of Seed Multiplication Farms

3.1.8.1 Underutilisation of farm land resulting in less productivity

(i) Test check of records of the Manager Farms, Chakroi Jammu showed that an expenditure of ₹1.05 crore[7] was incurred under the scheme for purchase of machinery, creation of irrigation facilities and other agriculture related activities at the Farm in addition to ₹2.48 crore incurred on the purchase of machinery/ equipment under other Centrally Sponsored Scheme "Special Task Force" during 2009-10 to 2012-13. Audit noticed that against the available cultivable area of 761 acres and 6 *marlas* of land, area ranging between 139 acres and 500 acres only, were brought under cultivation by the Department during the period from 2009-10 to 2012-13 resulting in under-utilization of available cultivable land despite incurring of expenditure of ₹3.53 crore on the development of agriculture infrastructure. Though an increasing trend in production of crops was noticed in the Farm during the period 2010-13 (from 2.85 quintals per acre during 2010-11 to 4.61 quintals per acre during 2012-13) yet it had failed to reach the production level of 5.36 quintals per acre achieved during the year 2009-10. The machinery/ equipment valuing ₹67.97 lakh purchased under "Special Task Force" had not also been put to use as of September 2013 due to non-availability of trained/ skilled staff.

The Farm Manager stated (September 2013) that the project proposals were in the process of implementation and total area coverage would be fully exploited after completion of the project to increase the production and productivity.

(ii) The State Government under 'Standardization of quality corm[8] production in public nurseries' component of the scheme approved (July 2010) Detailed Project Report (DPR) for bringing 55 hectares of land (out of total 63 hectares) under cultivation of saffron by providing irrigation facilities and development of land during the period 2010-11 to 2012-13 at Seed Farm Allowpora, Pulwama at a cost of ₹3.99 crore. Test-check of records showed that despite incurring expenditure of ₹59.64 lakh during the period 2010-13 on the development of land, creation of irrigation facilities and farm mechanization, only 37 hectares of land were brought under cultivation. Further against requirement of 1850 quintals of saffron corms for these 37 hectares of land, the Department had procured 1422.38 quintals of corms (costing ₹2.07 crore) during the period 2010-13. This resulted in less productivity of saffron crop by 56.500 kgs. The Joint Director Agriculture (Inputs) Kashmir accepted (October 2013) that due to failure of the crop the desired revenue could not be generated.

The audit findings were referred to the Government in November 2013. The reply had not been received (January 2014).

7 Purchase of machinery-₹60.03 lakh; Drilling of Tube-Wells-₹45.37 lakh

8 Short thick underground stem base acting as vegetative reproductive structure.

Consumer Affairs and Public Distribution Department

3.2 Blocking of funds

Failure of the Department to follow the prescribed procedure/ guidelines for submission of reimbursement claims of transportation charges for the period 2009-12 resulted in non-release of these charges by the FCI and consequent locking up of funds of ₹7.46 crore and a loss of interest of ₹62.62 lakh on the locked up funds.

The Hill Transport Subsidy Scheme (HTS) of Government of India (GOI) is meant for the predominantly hilly states with little or no railways and poor road communications. The Food Corporation of India (FCI) is required to open godowns at Principal Distribution Centres (PDCs) in such states wherever possible or reimburse to the State Governments the cost of transportation of food grains, on actual basis for lifting of food grains from base depots of FCI to the designated PDCs. The purpose of declaring important distribution centres as PDCs was to mitigate the burden of heavy cost of road transportation of food grains to the people in the hilly areas. The Department claimed reimbursement of transportation charges for two districts Bandipora and Kargil in Kashmir Division where FCI do not have PDCs.

The General Manager FCI Regional Office Jammu had instructed (July 2009) the State Government to submit the documents viz., copies of release orders of FCI, proof of payment made to transporters, copies of gate passes issued by FCI, copies of Government Receipt (GRs) of transporters, attested copies of approved transport rates and proof of receipt at PDC alongwith their reimbursement claims.

Audit check (January 2013) of records of Director Consumer Affairs and Public Distribution Department Kashmir showed that the Department had submitted the reimbursement claims of transport charges between January 2010 and February 2012 without enclosing the required documents to the FCI which were returned by them for want of these documents. The latest reimbursement claim of ₹7.46 crore[9] (₹3.82 crore for Atta and ₹3.64 crore for rice) for the period from 2009-10 to 2011-12 submitted belatedly by the Department to the FCI in July 2013 was again returned (July 2013) by the Area Manager FCI District Office Srinagar due to submission of incomplete prescribed certificate which had not been countersigned by the Secretary (Finance) of the State Government. Thus non-observance of prescribed procedure/ guidelines relating to submission of requisite documents with the reimbursement claims by the State Government resulted in non-release of these charges and consequent blockade of funds to the extent of ₹7.46 crore and a loss of interest of ₹62.62 lakh[10] on the locked up funds.

The audit findings were referred to the Government in October 2013. The reply had not been received (January 2014).

---

9 2009-10: ₹2.08 crore; 2010-11: ₹2.38 crore; 2011-12: ₹3.00 crore

10 Amount of interest paid on overdraft taken by the Government from Jammu and Kashmir Bank Limited/ RBI

Forest, Environment and Ecology Department

3.3 Working of State Pollution Control Board

Funds amounting to ₹17.77 crore had remained in Bank accounts of the Board at the end of March 2013. The accounts of the Board were finalised only up to the year 2006-07. The Board had not upgraded the existing Water and Air laboratories. The validity of consent to operate had expired in respect of 407 industrial units between March 2001 and February 2013 and these were running without renewal consent in violation of Provisions of the Act. No register to watch the fulfillment of consent conditions had been maintained either in the Regional offices or by the Member Secretary of the Board. Rules governing Management of wastes were deficiently enforced by the waste generating agencies.

The Jammu and Kashmir State Board for Prevention and Control of water pollution was constituted by the State Government in the year 1976 in pursuance of the Water (prevention and control of pollution) Act, 1974. After the entrustment of the additional responsibilities to it under the Air (prevention and control of pollution) Act, 1981 and Environment (Protection) Act, 1986 the Board was renamed as State Pollution Control Board (hereinafter referred to as Board) in the year 1988. The aim of the State Pollution Control Board is to develop all round capabilities to protect the environment by preventing and controlling pollution by effective law enforcement. The overall administrative control of the Board is vested with the Forest, Environment and Ecology Department. The Board comprises 16 official and non-official members nominated by the State Government and is headed by a Chairman who looks after its day to day working.

Audit was conducted with a view to ascertain whether the Board is performing its functions in accordance with the relevant environmental laws covering the period from 2008-09 to 2012-13 by test-check of records of Commissioner Secretary, Forest, Ecology and Environment Department, Chairman State Pollution Control Board, two Regional Directors Jammu/ Kashmir and six[11] out of 20 District officers of the Board between March and May 2013. The following are the important audit findings:

3.3.1 Planning process

It was noticed in audit that Board had neither prepared comprehensive plan nor had made Annual Action Plan since its inception (1976) to serve as a guide to execute pollution control programmes. The Board's activities were largely restricted to granting/ renewal of consent for operating industrial units. Even this activity was not carried out fully and properly as explained subsequently.

---

[11] Jammu, Kathua, Samba, Srinagar, Budgam and Ganderbal

The Member Secretary while attributing (April 2013) non-formulation of comprehensive programme to prevailing conditions in the State informed that the Board was in the process of formulation of the programme.

3.3.2 Financial Management

(i) The position of receipts and expenditure of the Board from 2008-09 to 2012-13 is given in **Table-3.3.1.**

Table-3.3.1

(₹in crore)

	Particulars		**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**
1.	Opening balance		5.04	7.08	9.49	11.34	14.56
2.	**Receipts**	**(i)** State Government	6.10	6.92	9.04	12.30	15.53
		(ii) Central Government	1.43	Nil	Nil	Nil	Nil
		(iii) Central Pollution Control Board	0.17	0.0013	0.0023	0.02	0.16
		(iv) Other receipts (consent fee)	2.19	3.08	2.83	3.95	3.89
		(v) Miscellaneous receipts recouped amount	2.16	0.36	0.06	0.04	0.02
3.	**Total funds available**		**17.09**	**17.44**	**21.42**	**27.65**	**34.16**
4.	**Expenditure**	**(i)** Expenditure incurred from Opening Balance/ CPCB/ Consent money	10.01 -	1.04	1.04	0.79	0.86
		(ii) Expenditure incurred from State Government allotment (Percentage)		6.67 (96)	8.73 (97)	11.77 (96)	11.63 (75)
5.	Funds surrendered from State Government allotment			0.25	0.31	0.53	3.90
7.	Administrative expenditure from State Government allotment		-	5.98	7.74	10.82	10.79
8.	**Unspent balance (from Opening Balance/ CPCB/ Consent money/ Miscellaneous receipts) {OB+2 (ii) +2 (iii)+ 2 (iv)+2 (v)-4(i)}**		**7.08**	**9.49**	**11.34**	**14.56**	**17.77**

The poor utilisation of funds by the Board resulted in steady increase in the quantum of unspent balances which accumulated to ₹17.77[12] crore as of March 2013. The unutilised amount was lying in five bank accounts of the Board.

The State Government directed (December 2010) the Board to deposit the unspent balance of consent money in excess of ₹two crore lying in its non-interest bearing Bank accounts into Government accounts in the Treasury. It was also directed that in future also the Board should not retain any amount on this account in excess of ₹two crore. The Board had thereafter used drawals from Treasury as budgeted by the Government while it continued to retain unspent balances of funds raised by it. The Board had utilised consent fee ranging between ₹26.10 lakh and ₹91.77 lakh unauthorisedly towards meeting the administrative expenses like travelling allowance, POL, purchase of vehicle, furniture and payment of wages etc., during the years from 2009-10 to 2012-13 despite the fact that non-plan funds allotted by the State Government ranging between ₹12.94 lakh and ₹3.73 crore were surrendered by the Board during the same period. This indicated imprudent financial management of the Board.

(ii) The accounts of the Board are required to be audited by an Auditor appointed by the State Government on the advice of the CAG of India. It was noticed that accounts of the Board were finalised only up to the year 2006-07 and thereafter the

[12] Consent Fee: ₹15.80 crore; CPCB: ₹50.39 lakh; Opening Balance: ₹1.47 crore

finalisation of accounts was in arrears (May 2013). The reasons for non-finalisation of accounts were called for but not intimated by the Board (August 2013).

(iii) Audit observed that the consent money received by the Board had been parked in Current Accounts of two branches of Jammu and Kashmir Bank Limited. The average balances of consent money at the close of each year ranged between ₹1.20 crore and ₹12.73 crore during these years. The non-investment of surplus consent money in fixed bank deposits by the Board resulted in loss of interest of ₹1.91 crore[13] during the period 2008-13.

3.3.2.1 Outstanding Temporary Advances

The temporary advance is granted to the sub-disbursers against the passed vouchers for making disbursements. Audit examination of records showed that temporary advance of ₹21.10 lakh received from Member Secretary by the Regional Directors (Jammu: ₹3.60 lakh and Kashmir: ₹17.50 lakh) upto March 2009 had not been adjusted as of March 2013.

3.3.3 Measures for Environmental protection

3.3.3.1 Consent for industrial units

As per provisions of the Water (protection and control of Pollution) Act 1974, no person shall without the previous consent of the Board establish any industry. Audit noticed that records relating to the number of existing industrial units in the State and units operating un-authorisedly in the State, number of applications received for grant of consent, applications rejected/ refused consent and details of application pending for grant of consent had not been maintained by the Board. No register which was required under the provisions of pollution control Acts to watch the fulfillment of consent conditions, had been maintained either in the Regional offices or by the Member Secretary of the Board to keep a watch on the fulfillment of the conditions or violations in this regard. The consent of the Board is valid for such period as specified in the order. Test-check of records however, showed that 407 units in respect of which the validity of the consent to operate had expired between March 2001 and February 2013 were running without renewal in violation of the provisions of the Act, (June 2013).

3.3.3.2 Lack of facilities at Water and Air laboratories

Under Pollution Control Acts the Board was required to take samples of water from any stream or well or samples of any sewage or trade effluent passing from any plant or vessel or from or over any place into any such stream or well as well as to take samples of air or emission from any chimney flue or duct or any other outlet for analysis in the laboratory. The Board has established one Air testing Laboratory and one Water testing laboratory each in Regional office Jammu and Kashmir divisions No laboratories were established in other districts of the State. It was seen that the laboratories had not been recognised under Environment (Protection) Act due to lack of proper equipment, required manpower and trained staff. The testing of emissions/

[13] Calculated at the minimum rate (five *per cent*) of interest paid by Banks on fixed deposits

effluents for grant of consent for establishment/ operation of industrial units was done from the laboratories located outside the State who had established collection centres in the State. The water testing laboratory in Kashmir had the facility of analysing physio-chemical parameters only and no facility for analysis of heavy metals/ pesticides, microbiology and bio-monitoring existed in the laboratory. In Jammu division, out of 33 parameters required as per general standards for testing of environmental pollutants only about 10 parameters were being tested therein. Similarly, in respect of air pollution testing, in Kashmir division no samples were collected from chimney, flue or dust and only two parameters of Suspended Particulate Matter (SPM) and Respiratory Suspended Particulate Matter (RSPM) were tested therein. No gaseous sampling (SOx and NOx[14]) analysis was done due to non-availability of required facilities in the laboratories.

3.3.3.3 Insufficient activities of the Board

The collection and testing of air/ water samples is one of the core activities of the Board. The annual physical targets which were fixed in 2008-09 were reduced from the year 2010-11. As per the reduced targets, the achievement of testing of water samples/ industrial emissions/ industrial effluents was also not achieved in full as indicated in **Table 3.3.2.**

Table-3.3.2

(In numbers)

Sr. No.	Activity	Annual Targets fixed for the year 2008-09	Annual Targets fixed for the years 2010-13	Achievements (*per cent*)			
				2010-11	2011-12	2012-13	Total
1.	Testing of water samples	1500	800	204 (26)	557 (70)	570 (71)	1331
2.	Testing of industrial emissions	1800	300	86 (29)	71 (24)	160 (53)	317
3.	Testing of industrial effluents	1500	900	447 (50)	645 (72)	517 (57)	1609
4.	Testing of potable drinking water	400	100	81 (81)	136 (136)	168 (168)	385

A total of 385 samples of drinking water were tested in the whole State during the period 2010-13. Similarly, 1609 samples of effluents and 317 samples of industrial emissions were tested during three years in the State which are prima facie not commensurate with the number of sources/ storages of drinking water and industrial/ commercial establishments contributing to air/ water pollution. The reasons for the shortfall were called for from the Department but the same were not furnished to Audit (August 2013).

3.3.4 Inefficient management of wastes

The Environment (Protection) Act, and Rules made thereunder empowered the Board to regulate the management, handling and disposal of solid wastes including Municipal, Hazardous and Bio-medical wastes (BMW). Records however showed that the Board did not formulate any action plan for the purpose as would be seen in the subsequent paragraph:

[14] General oxides of Sulphur and Nitrogen

3.3.4.1 Municipal Solid Waste

In terms of Pollution Control Rules for management of Municipal Solid Wastes (MSW), the Board has to issue authorisation to Municipal Authority/ Committee or the operator of the facility to set up waste processing and disposal facility and monitor the implementation of provisions of these rules. Every Municipal Authority/ Committee under the provisions of these rules has to submit a copy of its annual reports to the Board by 30th June every year who in turn shall submit a consolidated annual report regarding implementation of these rules to CPCB by 15th of September every year.

Audit check of records showed that none of the Municipal Authorities had applied for such authorisation in Jammu Division. No Annual Reports had been submitted by Authorities/ Committees to the Board or by the Board to CPCB. Further the records to suggest that surveys had been conducted for monitoring disposal of MSW in cities/ towns of Jammu Division were not available with the Board. While as the MSW of Srinagar city was dumped in a landfill at Achan, Srinagar, in Jammu city it was dumped in open at various unauthorised places. Thus, the Board had failed to monitor the implementation of these Rules.

3.3.4.2 Hazardous wastes

In terms of Hazardous wastes (Management, Handling and Trans-boundary Movement) Rules, 2008 every person authorized under the rules shall maintain the record of hazardous wastes handled by him in prescribed form and prepare and submit to the Board, an annual return containing the details of wastes handled and disposed of by the handling units on or before 30th June following to the financial year to which that return relates.

Audit scrutiny showed that register, which was required to be maintained under provisions of the Rules, containing particulars of the conditions imposed under these rules had not been maintained to keep a watch on the fulfillment of conditions and their violations. The Board had not ensured the maintenance of records of hazardous waste by the handling units and had not monitored the receipt of annual return submitted by the handling units. Further as no landfill or Treatment, Storage or Disposal facility (TSDF) for hazardous wastes existed in the State, the outcome of hazardous wastes shown as recyclable was not known. The Principal Scientific Officer of the Board at Jammu had stated (June 2013) that the authorization to handle the hazardous wastes was granted to the units for storage only. No programmes were framed by the Board to prevent/ reduce/ minimise the generation of hazardous wastes in the State.

3.3.4.3 Bio-Medical waste

As per Bio-Medical Waste (BMW) Management Rules, every occupier of an institution handling bio-medical waste except such occupier of clinics, dispensaries, pathological laboratories, blood banks providing treatment/ service to less than 1000 (one thousand) patients per month, shall make an application in prescribed form to the Board for grant of authorisation.

(i) Audit noticed that out of 450 Government run HCEs treating more than 1000 patients per month, 30 HCEs (seven *per cent*) were granted authorisation by the Board in Jammu division while as no such HCE was granted authorisation in Kashmir division. Further out of 333 private nursing homes in Jammu division 129 (39 *per cent*) were granted authorization and out of 54 private nursing homes in Kashmir division 34 (63 *per cent*) were granted authorization by the Board (May 2013). This indicated that large number of HCEs in the State was running without authorisation of the Board.

(ii) Audit check of records further showed that no Government Hospital with more than 200 bed strength in the State had been granted authorisation and consent by the Board under these rules. Out of 129 private HCEs granted authorisation by the Board in Jammu division, only 60 (47 *per cent*) had complied with the authorisation conditions whereas in Kashmir division 170[15] HCEs had violated Bio Medical Waste Management (Management and Handling) Rules. Despite the fact that large number of Private HCEs had not complied with the authorisation conditions[16], only seven closure orders were issued in Jammu division and not a single such order had been issued in Kashmir division for the last four years indicating inadequate monitoring of the Board.

The Deputy Director, Directorate of Health Services, Kashmir stated (May 2013) that it had made it mandatory on the part of every occupier treating not less than 1000 patients per month to seek clearance from the Board before they could be authorised to operate a Health Care Establishment (HCE). The fact remains that despite issuing notices, the Board had never initiated any action against the defaulting Institutions.

3.3.5 Poor implementation of schemes

As per the provisions of the Acts, the Board in addition to its own function is to perform such other functions as entrusted to it by the CPCB or Central/ State Governments. The Board had, however, not maintained the records/ registers to indicate the details of programmes and schemes entrusted to it by the CPCB or any other agency for implementation in the State. It was observed in audit that no Utilisation Certificates (UCs)/ Statement of Expenditure (SOE)/ Progress Reports (PRs) were sent to the fund releasing authorities with the result the balance funds could not be claimed. Instances of few cases are discussed below:

- Out of ₹10.25 lakh sanctioned by the GoI in March 1997 for implementation of six[17] schemes, first installment of ₹four lakh was released by the GOI in April

15 Includes HCEs below 1000 patients per month who also have to follow BMW rules

16 Segregation of bio-medical waste for treatment and disposal, creating of treatment facilities or attachment with Common Bio-Medical Waste Treatment Facility (CBMWTF) and keeping of records in respect of generation of BMW)

17 Survey and management of city solid waste (₹3 lakh), preparation of status report on Manesar Lake (₹1.25 lakh), Environment Impact Assessment (EIA) for Patnitop and Sanasar (₹2.25 lakh), Ecology study of Katra (₹1.25 lakh), Polythene menace and assessment (₹Two lakh), Rag pickers and time study (₹0.50 lakh).

1997. The Board had utilized an amount of ₹1.91 lakh only and the balance amount was lying un-utilised as of March 2013.

- An assistance of ₹69.15 lakh for purchase of equipment for upgradation of the laboratories under the scheme 'Assistance for Abatement of Pollution' was sanctioned by GoI in March 2003 and first installment of ₹31.86 lakh was received by the Board in April 2003 with the condition that purchase and installation of equipment shall be completed within the year 2003-04. Audit check of records showed that the Board had spent ₹4.50 lakh only on purchase of equipment in 2006-07.
- For arranging 'training/ workshop programme' under BMW Management ₹15 lakh was released (January 2009) by the Director, Family Welfare and RCH, J&K, Jammu to the Board. Records showed that the entire amount of ₹15 lakh was released by the Board to the field offices in February 2009. The Board utilized ₹10.46 lakh out of the released funds and further funds for the purpose could not be claimed and the scheme remained unimplemented.

3.3.6 Monitoring mechanism

Against the 20 mandatory meetings required to be held during the period from 2008-09 to 2012-13, the Board had met on three occasions and no specific advice concerning the prevention and control or abatement of pollution was sent to the State Government for taking appropriate action. It was observed in audit that the committees constituted in March 2009 by the Board under provisions of pollution control Acts had never convened any meeting during the period 2009-13, thus rendering the constitution of these committees a mere formality.

The Board issued 551 closure orders during the years from 2008-09 to 2012-13 to the defaulting units for non-compliance of Environmental laws. It was seen that 144 closure orders had subsequently been kept in abeyance or were withdrawn and the status of subsequent action taken in remaining 407 cases was not available with the Board. Annual Report required to be prepared under Pollution Control Acts for submission to the State Government for presentation before Legislature was not prepared by the Board during the period from 2008-09 to 2011-12.

The audit findings were referred to the Government in September 2013. The reply had not been received (January 2014).

3.4 Development of Fisheries

Out of 480 carp fish ponds constructed under PMEP, 164 ponds constructed with the assistance of ₹1.63 crore and seven ponds and ten trout raceways constructed under RKVY with the assistance of ₹28.40 lakh were rendered non-functional. As against annual production capacity of 1617.98 lakh eggs in seven farms/ trout units, an average 85.80 lakh fry were produced annually in these farms/ units. The mortality rate of fertilized eggs/ spawn/ green ova in these hatcheries ranged between 44 and 96 *per cent*. Due to low production of feed the Department had to procure feed from market for its departmental farms. The pelleted feed produced did not contain six required ingredients during intermittent periods leading to production of sub standard feed.

Department of Fisheries is vested with the mandate of development of fisheries in the State. Department receives budgetary support for carrying out day to day activities. It also receives funds from the Government of India (GoI) under various schemes viz., Prime Minister's Employment Package (upto 2008-09), Rashtriya Krishi Vikas Yojna (RKVY), National Scheme for Welfare of Fishermen besides direct funding from National Fisheries Development Board (NFDB).

Audit on 'Development of Fisheries' in the State for the period from 2008-09 to 2012-13 was conducted between February 2013 to June 2013 by test-check of records of the Director Fisheries, Senior Aquaculture Engineer, four[18] Joint Directors (JDs), Seven[19] Chief Project officers (CPOs)/ Sr. Project officers (SPOs)/ Project officers (POs) and eight[20] Assistant Directors (ADs). The selection of the auditee units was done on simple random sampling method basis. The audit findings are discussed below:

3.4.1 Financial Management

Though the funding through State Budget mainly caters for running day to day affairs of the Department, funding from the GOI is primarily aimed at development of the fisheries and welfare of fishermen in the State besides creating employment avenues for the rural masses particularly the unemployed youth of the State. The position of funds allocated by the Government of India (GoI) and State Government and expenditure incurred thereagainst by the Department during the period from 2008-09 to 2012-13 is indicated in the following **Table-3.4.1**.

18 Joint Director Kashmir, Joint Director Kashmir (Projects), Joint Director Jammu and Joint Director (Projects) Jammu

19 CPO Kathua, CPO Ghoumanhasan, CPO Kokernag, CPO Manasbal and CPO Regional Fish Farm Development Agency Pandach Srinagar, SPO Gagribal Srinagar, PO Thanpal Reasi

20 Assistant Director Jammu, Assistant Director Samba, Assistant Director Udhampur, Assistant Director Reasi, Assistant Director Kathua, Assistant Director Srinagar, Assistant Director Budgam and Assistant Director Ganderbal

Table-3.4.1

(₹in crore)

Year	Releases/ Allocation of Funds			Total Funds Available	Expenditure incurred		Total expenditure	Closing Balance (GoI)
	Government of India (GoI)		State Government					
	Opening Balance	Releases			Government of India	State Government		
2008-09	3.44	1.31	32.20	36.95	1.61	31.25	32.86	3.14
2009-10	3.14	4.26	38.83	46.23	5.91	37.93	43.84	1.49
2010-11	1.49	9.64	48.30	59.43	10.60	47.28	57.88	0.53
2011-12	0.53	6.33	57.14	64.00	5.77	55.28	61.05	1.09
2012-13	1.09	5.58	60.32	66.99	3.36	59.67	63.03	3.31
Total	**-**	**27.12**	**236.79**	**273.60**	**27.25**	**231.41**	**258.66**	**-**

The percentage utilisation of available funds (GoI and State Government funds) ranged between 89 *per cent* and 97 *per cent* during the years from 2008-09 to 2012-13. The administrative expenditure consumed major portion (between 68 *per cent* and 76 *per cent*) of the budgetary allotment of the State Government leaving lesser allocations for infrastructure and other developmental activities. The revenue realised by the Department during the period from 2008-09 to 2012-13 on account of license fee, auction of fisheries reservoirs, sale of fish seed/ feed, entry fee in Aquariums etc. rose from ₹2.52 crore in 2008-09 to ₹5.20 crore in 2012-13 which was around 10 *per cent* of the administrative expenditure of the Department.

3.4.2 Low production of fish

The records relating to fixation of targets were not maintained by the Department. Audit analysis of the position of targets and achievements of production of fish/ fish seed during the period 2008-13 showed that annual fish production had risen from 19.27 thousand tonnes in 2008-09 to 19.95 thousand tonnes during 2012-13 registering an increase of 3.52 *per cent*. However, the annual growth rate of fish production was low and ranged between 0.16 *per cent* and 2.48 *per cent* during 2008-13.

Audit noticed that the annual targets fixed during the period 2008-13 for fish production were not commensurate with the increase in number of fish ponds/ trout raceways in the State. While the number of fish farms and trout rearing units in the Government sector increased by 12 *per cent* and 14 *per cent* respectively during the period from 2008-09 to 2012-13, the fish ponds in private sector increased by 63 *per cent* during the same period. The trout rearing units in private sector had also increased from only one in 2008-09 to 268 during 2012-13. Despite increase in establishment of infrastructure, the fish production had increased by only four *per cent* in the State during the period 2008-13.

3.4.3 Programme implementation

With the dual purpose of increase in fish production and creating job opportunities to the local educated youth, the Government intended to develop the fisheries sector by way of creation of private ponds by providing incentives under various State and GOI schemes. The Department implemented three Centrally Sponsored Schemes (Prime

Minister's Employment Package (PMEP), Rashtriya Krishi Vikas Yojna (RKVY) and National Scheme for Welfare of Fishermen) besides the schemes under State Sector and National Fisheries Development Board (NFDB). The GOI sponsored schemes mainly focused on construction of ponds and raceways in Government and private sectors.

Audit analysis of the position of fish ponds and trout raceways constructed under the PMEP, RKVY and under State Sector schemes at the end of the year 2007-08 and 2012-13 showed that the number of carp fish ponds and trout raceways had increased by 83 *per cent* from 779 at the close of the year 2007-08 to 1426 at the end of 2012-13. The carp fish ponds increased by 62 *per cent* and the trout raceways increased by 136 *per cent* over the last five years. Though the number of carp fish ponds/ trout raceways had increased over the last five years, yet a large number of ponds had been rendered non-functional as instanced in the succeeding paragraphs.

3.4.4 Non-functional fish ponds under Prime Minister's Employment Package

The Prime Minister's Employment package (PMEP) was introduced in the year 2004-05 for establishment of carp-ponds in the State. Under the scheme 410 ponds (Jammu: 230; Kashmir: 180) were envisaged to be constructed in the private sector in two years at a cost of ₹4.92 crore. Due to delay in implementation the scheme was extended up to the year 2008-09. Audit observed that 480 carp ponds and one trout raceway were constructed at a cost of ₹4.70 crore during the period 2006-09. Out of these, 164[21] fish ponds (34 *per cent)* constructed with an assistance of ₹1.63 crore were rendered non-functional (May 2013). Though the dates of closure of 103 ponds in Jammu Division were not available, the 61 ponds in Kashmir Division were closed down between March 2008 and March 2013. The physical verification of 12 private fish ponds by audit showed that four ponds which were reported non-functional by the Department were actually non-existent (earth filled) and one pond was full with weed growth. The Deputy Director Fisheries (Central) informed (June 2013) that reasons for closure were specific to each pond and the concerned officers would be asked to ascertain the reasons for closure of such ponds. Further progress was awaited (August 2013).

3.4.5 Non-functional fish ponds under Rashtriya Krishi Vikas Yojana

Rashtriya Krishi Vikas Yojana with 100 *per cent* central assistance was launched in the year 2009-10 with an aim of enhancing fish production in the State. Audit noticed that out of 304 fish ponds and 199 trout raceways constructed under the scheme in the private sector during the period 2008-13, seven[22] carp fish ponds and ten[23] trout raceways constructed with the assistance of ₹28.40 lakh were rendered non-functional between March 2010 and February 2013. The reasons for closure of these ponds/ raceways were not on record.

[21] Jammu Division: 103 ponds and Kashmir Division: 61 ponds
[22] Jammu Division: 6; Kashmir Division: 1
[23] Jammu Division: 1; Kashmir Division: 9

3.4.6 Fish seed production and abnormal mortality

Fish seed stocking is one of the major components for the development of the fisheries sector. The fish seed production includes egg to spawn production for three days, spawn to fry nursing for 15-20 days, fry to fingerling rearing for 60-90 days and fingerling to yearling rearing for 8-9 months. With a view to meeting the ever-growing demand of seed for the private fish ponds and also to increase production of trout fish, the State Government established 13 hatcheries for supply of carp fish seed (five) and trout seed (eight) in the State.

(i) Audit analysis of annual capacity of production of fish seed, fish seed actually produced and percentage of mortality in four test-checked farms (carp) and three test-checked hatcheries (rainbow trout) during the years from 2008-09 to 2012-13 showed that against an annual production capacity of 1617.98 lakh eggs in seven farms/ trout units an average 85.80 lakh fry (five *per cent*) were produced annually in these farms/ units. The mortality rate of fertilized eggs/ spawn/ green ova in these hatcheries was very high and ranged between 44 and 96 *per cent*. The low yield from the hatcheries had direct bearing on the production of fish in the State and points to the possibility of unreported production. Similarly, the two trout seed hatcheries (Kokernag and Laribal) produce two varieties of trout fish seed namely Rainbow (*Oncorhynchus mykiss*) and Brown (*Salmo trutta fario*). Audit check of records showed that the mortality rate of Rainbow trout was higher than that of the Brown trout. The mortality of Rainbow trout ranged between 20 *per cent* and 81 *per cent* whereas the mortality in case of Brown trout ranged between 8 *per cent* and 51 *per cent* during the period from 2008-09 to 2012-13.

(ii) The Rainbow trout seed were produced from the eggs obtained from the brood-stock of juvenile reared within the hatchery, the seed for the Brown variety were produced from eggs of the wild fish of Brown trout in natural water sources. This indicated that use of wild fish for seed production in case of the Brown variety was the main reason for high survival rate whereas the inbreeding and consequent sib-mating of the Rainbow variety from the available stock within the hatchery resulted in high mortality. After this was pointed out in Audit, the Deputy Director Fisheries (Central) Kashmir informed (May 2013) that the wild seed could be of better quality as regards their survival.

(iii) Audit noticed that due to introduction of two exotic trout species, Brown trout (*Salmo trutta fario)* and Rainbow trout (*Oncorhynchus mykiss)* which are typical carnivores, in various tributaries of river Jhelum, especially in the areas which served as the breeding grounds for local fish varieties (*Schizothorax*), the native species of fish saw a gradual decline as their eggs and juveniles became easy prey for the new entrants. Besides, other factors viz. introduction of other exotic fish varieties, pollution and siltation in the water bodies also contributed to decline of native fish species. In order to check this decline, the Sher-i-Kashmir University of Agriculture Sciences and Technology (SKUAST) Kashmir cultured *Schizothorax niger* and supplied (February 2012) 1.46 lakh quality seed of this variety comprising hatchlings, fry, advanced fry, fingerlings and advanced fingerlings to the Fisheries Department for stocking in the Dal lake for increasing its depleted population. There was no evidence to show that the Department had ever approached SKUAST (Kashmir) for adoption of the culture technology to check the loss of the local variety of fish. The Director while admitting (May 2013) the decline in local fish variety informed that necessary steps to introduce the technology adopted by SKUAST would be taken.

3.4.7 Absence of mechanism for seed certification

The fish seed certification is a quality assurance system aimed at ensuring genetic status of the seed. The Department is required to ensure that the quality fish seed is produced under appropriate husbandry conditions. Audit check of records showed that no mechanism for certification of fish seed produced in the farms and hatcheries in the State was in place and the Department had not framed any framework for proper accreditation of hatcheries/ farms in the State. The Director, (May 2013) informed that all the predetermined quality standards and criteria required for the production of quality seed were being adopted and that the matter of seed certification would be taken up as per guidelines of the Indian Council of Agricultural Research. Further progress in the matter was awaited (August 2013).

3.4.8 Recreational Fisheries

The department established two Aquarium-cum-Awareness Centre at Jammu and Srinagar during 2007-12. Though the centre at Jammu had been a source of great attraction for the public and the revenue earned from visitors tickets/ entry fee had increased from ₹47.69 lakh during the year 2008-09 to ₹85.68 lakh in 2012-13, the unit at Srinagar thrown open to public in September 2012 had to be closed for public within three months in December 2012 for want of uninterrupted power supply (UPS) during winter season for ensuring safety of aquarium live stock. Due to non-provision of UPS system the aquarium witnessed 100 *per cent* mortality of ornamental fish during winters of 2012-13. The UPS system was not arranged making the Aquarium non-functional. The Director Fisheries, informed (January 2014) that necessary steps were being taken to make the aquarium fully functional during 2014-15.

3.4.9 Improper functioning of fish feed mills

(i) The Department established (1985-86 to 2005-06) four (two each for carp[24] and trout[25] fish) feed manufacturing units in the State for the production of feed for the two varieties of fish. It was seen that out of two carp feed-producing units, one unit (Kathua unit setup in 1985-86) had been closed in April 2007 reportedly due to continuous repairs, replacement of parts and maintenance. However, after being pointed out (March 2013), the feed mill was made functional again in March 2013. The Carp Feed Mill, Manasbal which has production capacity of five quintals per hour was not operating at the optimum level. Against optimum capacity for production of 14600 quintals[26] in a year, the Mill produced feed ranging between

[24] Carp feed manufacturing units Kathua and Manasbal (2005-06)

[25] Trout feed manufacturing units Kokernag (1991-92) and Harwan (1985-86)

[26] Calculated on the basis of eight working hours per day in a year

113.5 quintals and 517.01 quintals during the years from 2008-09 to 2012-13. Due to under utilization of feed mill and low production of feed the Department had to procure feed from market for its Departmental farms.

(ii) Trout fish feed mill at Kokernag (Anantnag) caters to needs of both the Department and private trout units. It was seen that the pelleted feed produced in this feed mill had never been tested by the Department for ensuring quality production of the feed. Test-check of records showed that out of ten[27] required ingredients the feed did not contain six ingredients[28] during intermittent periods between April 2008 and January 2013 leading to production of sub standard feed. The feed was manufactured without fish meal ingredient for period of 50 days during July-August 2012.

(iii) Audit check of records of Harwan farm showed that pelleted feed, containing all essential nutrients for growth especially before and during the breeding season, was not available in the farm intermittently during the period 2011-13 particularly for 29 days during December 2012. Due to non-availability of pelletted feed the stock had been fed with trash feed in the farm.

(iv) The Department advanced (May 2009 to May 2010) ₹8.78 crore to State Trading Corporation of India (Government of India Enterprise) for supply, erection and commissioning of trout feed mill plant (Capacity: two tons per hour) at Manasbal and advanced (March 2011 to March 2012) ₹1.42 crore to M/s J&K Projects Construction Corporation Limited for construction of Feed Mill Building and Boiler Room. Audit scrutiny showed that the building had been completed (December 2012) and the mill despite having been put to trial run in June 2012 had not been made operational as of June 2013 due to non-provision of power generator set and non-completion of electrification works of main structure/ some items of works of the generator-cum-control room.

3.4.10 Non-completion of works/ projects

The creation of infrastructure viz fish farms/ ponds, hatcheries, raceways in a time bound manner is essential for enhancing the fish production in the State. The position of total works/ projects executed during the period 2008-13, and the works still incomplete at the close of March 2013 was not available with the Department. Audit noticed that construction of five farms/ ponds/ raceways (***Appendix-3.1***) allotted to JKPCC and PWD (R&B), private contractors and executed departmentally for completion within three months to two year had either not been completed within the stipulated time period or left mid way despite incurring expenditure of ₹2.35 crore on these works due to paucity of funds, non-transfer of land, land dispute and awaited permissions. The Deputy Director (Central) stated (July 2013) that the position would be ascertained from the concerned Project Officers/ Assistant Directors.

---

27 Fish meal, soyabean, whole wheat, linseed or fish oil, D.L.Methionine, Chloline ehloride, Mineral Mixture, Sodium Alginate and vitamins and yeast

28 Chloline ehloride, Mineral Mixture, Fish meal, vitamin premix, soyabean and D.L.Methionine

3.4.11 Implementation of schemes for welfare of fishermen

3.4.11.1 National Scheme for Welfare of Fishermen

National Scheme for Welfare of Fishermen a Centrally Sponsored Scheme contemplated development of model fishermen villages, Group Accident Insurance for Active Fishermen, Saving-cum-Relief and Training & Extension. The scheme was introduced during the year 2006-07 by replacing two earlier schemes (Janta Personal Accident Policy and National Welfare Fund for Fishermen) with the objective to provide basic amenities like housing, drinking water, community hall, better living standards for fishers and their families, uplift social and economic securities for active fishers and their dependents and to update knowledge, improving skills of fishers in regard to modern fishing technology. The total fishermen population in the State in 2011-12 was estimated at 0.82 lakh. About 15000 professional fishermen of the State derive their livelihood from natural water resources of the State. The implementation of the components of the scheme is discussed in the succeeding paragraphs:-

3.4.11.2 Development of model fishermen villages

(i) The active fishermen identified by the State Government preferably the fishermen below the poverty line and landless fishermen are eligible for houses under this scheme. The cost is shared between GOI and State Government on 50:50 basis. Besides, funds under RKVY were also provided during the period 2009-13 for payment of assistance for low cost housing to the beneficiaries. Audit noticed that during the period 2008-13, an expenditure of ₹6.26 crore was incurred for assistance for construction of 1560 houses out of which assistance for 264 units was provided under RKVY. As per the scheme guidelines the houses were to be constructed in clusters of not less than 10 houses with basic civic amenities like drinking water, community halls/ working sheds. It was, seen that houses were constructed at isolated places where the fishermen were already residing or owning land. This resulted in non-creation of 'Model Fishermen Villages' in the State.

(ii) The State Government had not fixed any norm for identification of genuine and active fishermen in the State. However the fisherman license was the minimum requirement for determination of a bonafide fisherman. The Departmental functionaries at district level had devised formats with content and criteria for applicants at their own level which differed from one district to another. Test-check of records of 489 beneficiary cases (out of 1560 beneficiaries) showed that the financial assistance had been provided to 48[29] beneficiaries without production of any fishermen licenses and Permanent Residence Certificate (PRC) was not on record in respect of 188 cases. The assistance was to be made in two installments to the beneficiaries, first installment after completion of plinth and second at roof level. It was seen that in 27[30] cases full payment of assistance had been released in single

[29] Assistant Director Kathua: 2; Assistant Director Jammu: 1; Assistant Director Reasi: 19; Assistant Director Samba: 16; Assistant Director Udhampur: 8; Assistant Director Srinagar: 1 and Assistant Director Ganderbal: 1

[30] Seventeen (17) case in 2008-09 and 10 in 2010-11 pertaining to Senior Project Officer Gagribal Srinagar

installment. The Director stated (June 2013) that the matter would be looked into and that development of model fishermen village could not be taken up in the form of cluster houses as the beneficiaries constructed the houses on the land in their possession where the cluster was not possible and was the main constraint.

The audit findings were referred to the Government in September 2013. The reply had not been received (January 2014).

Health Department

3.5 Excess payment of HRA and CCA

Failure of the BMO Chattergam Budgam to regulate payment of HRA and CCA to the employees of Health Department in accordance with the Rules resulted in excess payment of ₹86.41 lakh.

The Jammu and Kashmir Civil Services (House Rent Allowance and City Compensatory Allowance), Rules 1992, provide for payment of House Rent Allowance (HRA) to the State Government employees at the rate of 15 *per cent* of Basic Pay in respect of the cities classified as 'A' and 'B-1', at the rate of 7.5 *per cent* of Basic Pay for cities classified as 'C' and at the rate of 5 *per cent* of the Basic Pay for unclassified cities with effect from 1 January 2000. The State Government further re-classified (May 2010) the cities earlier classified as A, B-1 & B-2 to 'Y' category and as 'C' unclassified cities to 'Z' category. The rates of HRA were revised for the cities classified as A, B-1 and B-2 (Y category) to 17.5 *per cent* with effect from 1 June 2010 and to 20 *per cent* of the Basic Pay with effect from 1 June 2011. Also for the cities classified as 'C' and unclassified (Z category), the HRA was revised to 7.5 *per cent* with effect from 1 June 2010 and to 10 *per cent* of the Basic Pay with effect from 1 June 2011. Further, the City Compensatory Allowance (CCA) is admissible to the persons whose place of work falls within the classified constituents of urban agglomeration of Jammu and Srinagar cities.

Test-check (December 2012) of records of the Block Medical Officer (BMO) Chattergam, Budgam showed that CCA and HRA at the rates prescribed for cities classified as B-1 (Y category) had been drawn and paid @ 15 *per cent* from September 2006, @ 17.5 *per cent* from 1 June 2010 and 20 *per cent* from June 2011 to the employees during the period from September 2006 to November 2012. The places of posting of these employees were within the unclassified areas for the purpose of these Rules and as such were entitled for HRA in respect of unclassified cities and were not eligible for CCA. The BMO in contravention of the Rules had drawn and paid CCA besides HRA at enhanced rates which resulted in excess payment of HRA of ₹81.77 lakh and CCA of ₹4.64 lakh to the employees ranging between 25 and 142 during the period from September 2006 to November 2012.

After this was pointed out in audit, the BMO stated (January 2013) that the matter would be referred to the Director Health Services, Kashmir for necessary action and that excess HRA and CCA paid to the staff would be communicated to the higher authorities for effecting recovery. However, the payment of HRA at enhanced rates and CCA to the employees of the office was stopped with effect from January 2013.

The progress of recovery of the excess amount paid was awaited (December 2013). Thus, failure of the BMO Chattergam, Budgam to regulate payment of HRA and CCA in accordance with the Rules resulted in excess payment of ₹86.41 lakh.

The audit findings were referred to the Government in August 2013. The reply had not been received (January 2014).

Irrigation and Flood Control Department

3.6 Unproductive expenditure

Failure of the departmental authorities to conduct geological survey before execution of work on the scheme of construction of *Najwal Khul* in Akhnoor Jammu and to construct the cut-off wall for the concrete dam to make it functional resulted in unproductive expenditure of ₹66.93 lakh, besides denial of intended benefits to the local farmers of the area.

In order to meet the requirement of water during peak irrigation season to the un-irrigated command areas of two[31] villages of tehsil Akhnoor, Jammu, the project for 'construction of *Najwal Khul*'[32] was approved (January 2008) by the State Technical Advisory Committee of the Department at an estimated cost of ₹71.63 lakh under 'Accelerated Irrigation Benefit Programme'. The project was designed to cover cultivable command area of 250 acres of land and population of 1000 souls and was to provide assured irrigation thereby improving the socio-economic condition of the local farmers. This was to be completed within two years. The project comprised construction of dams (earthen as well as concrete) for storage of water (₹22.88 lakh) construction of main channel and distribution channels (₹23.96 lakh) besides construction of approach road, Gauge reader quarter, tractor crossing, protection works and compensation of land etc. (₹24.79 lakh). The source of the scheme was a creek (*Muloo creek*) flowing from the banks of river *Chenab*.

Audit scrutiny (December 2011) of records of the Executive Engineer (EE), Irrigation Division, Akhnoor showed that without conducting geological survey of the soil, the work for construction of concrete dam was allotted (June 2008) to a contractor at a cost of ₹19.95 lakh for completion in three months by October 2008. The design and drawings for the construction of a concrete dam submitted (September 2008) by the Chief Engineer Irrigation and Flood Control Department Jammu was vetted in December 2008 by the Chief Engineer Designs, Inspections and Quality Control Department, Jammu without any reference to pervious foundation at the dam site. The construction of the concrete dam was taken up by the contractor in January 2009 and completed (May 2011) at a cost of ₹27.66 lakh. During the course of inspection (July 2010) of the site by the Hon'ble Deputy Chief Minister of the State, leakages were noticed in the concrete dam and accordingly a committee was constituted (July 2010) for enquiring the reasons of leakage in the dam. The Committee reported (November 2010) that the construction of the dam was made on a pervious foundation at the site

31 *Najwal* and *Bhalwal Birth*
32 Irrigation channel

that led to seepage and recommended for construction of a cut off wall after preparation of design. For this purpose the EE approached (January 2011) the Department of Geology and Mining for conducting investigation of the site but the report thereof was awaited (May 2013). Meanwhile an expenditure of ₹66.93 lakh was incurred on the scheme during the period 2008-09 to 2011-12 but only part[33] of the work of the scheme was completed. The work on construction of channels of the scheme was not started as yet. Thus the scheme which was to be commissioned by the year 2009-10 had not been completed and the objective of providing water to un-irrigated land could not be achieved despite incurring an expenditure of ₹66.93 lakh.

The EE stated (March 2012/ May 2013) that high density floods etc. caused corrosion in the bed soil of the dam that led to seepage of water. The reply is not acceptable as the committee had held that the concrete dam was built on pervious foundation that led to seepage, which shows that proper survey was not conducted at the beginning of the project.

The audit findings were referred to the Government in June 2013. The reply had not been received (January 2014).

3.7 Blockade of investment due to non-providing of operational staff

Failure of the executing authorities of the Department to make the four Lift Irrigation Schemes in Akhnoor, Jammu functional had resulted in blockade of investment of ₹1.94 crore besides depriving the population of the targetted villages of the intended benefits of the Schemes.

To provide assured irrigation facility to 188 hectares of agricultural land of four villages in tehsil Akhnoor district Jammu, the State Technical Advisory Committee of the Department approved four Lift Irrigation Schemes (LIS) at an estimated cost of ₹1.94 crore[34] for funding under the Government of India Scheme, 'Accelerated Irrigation Benefit Programme' in January 2008 and September 2008. These schemes were to benefit a population of 537 souls and were targetted to be completed within two years (February/ October 2010). The Superintending Engineer, Hydraulic Circle, Jammu submitted the detailed project reports of these schemes to the Chief Engineer, Irrigation and Flood Control Department, Jammu for accord of administrative approval in February 2008 (LIS 'Kah', LIS 'Phandwal' and LIS 'Miari') and July 2008 (LIS 'Bhanara') which was awaited (June 2013).

Audit scrutiny (May 2013) of records of Executive Engineer, Irrigation Division, Akhnoor showed that three schemes viz. LIS 'Kah', LIS 'Phandwal' and LIS 'Miari' were taken up for execution during the year 2008-09 while as LIS 'Bhanara' was taken up during the year 2009-10 without accord of administrative approval. All these schemes were completed at a cost of ₹1.94 crore[35] and commissioned/ tested successfully between April 2012 and July 2012 but could not be made functional as

33 Concrete Dam: 90 *per cent* completed; Earthen Dam: completed; Guide Bank: 70 *per cent* completed
34 LIS Kah: ₹48 lakh; LIS Bhanara: ₹67 lakh; LIS Phandwal: ₹40 lakh and LIS Miari: ₹39 lakh
35 LIS Kah: ₹48 lakh; LIS Bhanara: ₹67 lakh; LIS Phandwal: ₹40 lakh and LIS Miari: ₹39.10 lakh

the operational staff was not deputed for operating the schemes. The schemes were to be handed over to the Executive Engineer, Mechanical Irrigation Division (MID) Akhnoor/ Nowshera by the Executive Engineer, Mechanical Irrigation Construction Division (MICD) Jammu for operation and maintenance.

The Executive Engineer, MID Akhnoor/ Nowshera stated (June 2013) that these schemes were to be operated by the MICD, Jammu for one year to cover warranty clause of the equipment and for stabilization and only thereafter handed over to his Division along with the staff for further operation and maintenance. The Executive Engineer Irrigation Division Akhnoor stated (May 2013) that the Executive Engineer, MID Akhnoor/ Nowshera had been requested to depute the operational staff for operating these schemes. Thus, despite commissioning of the schemes over one year back, these could not be operated by the Department (June 2013).

The audit findings were referred to the Government in July 2013. The reply had not been received (January 2014).

3.8 Blocking of funds due to non-acquisition of land

Injudicious action of the Executive Engineer Irrigation Division Akhnoor, Jammu to take up execution of work of the Lift Irrigation Scheme Rajpura without acquisition/ transfer of land in favour of the Department resulted in unfruitful expenditure of ₹42.77 lakh and blockade of ₹48.49 lakh.

To create irrigation facilities for Cultivable Command Area of 160 hectares of agricultural land of four villages[36] in tehsil Akhnoor district Jammu thereby improving the socio-economic condition of poor farmers of these villages, the State Technical Advisory Committee of the Department approved (January 2008) 'Construction of Lift Irrigation scheme, Rajpura' at an estimated cost of ₹98.95 lakh (civil component: ₹53 lakh; mechanical component: ₹45.95 lakh) funded under Government of India scheme 'Accelerated Irrigation Benefit Programme' (AIBP). The detailed project report of the said scheme was submitted (February 2008) by the Superintending Engineer, Hydraulic Circle, Jammu to the Chief Engineer, Irrigation and Flood Control Department, Jammu for according of administrative approval which was awaited (May 2013).The scheme was targetted to be completed within two years (March 2010) and its source was a creek over river *Chenab* near *Bhalwal Mulloo*. The scheme envisaged construction of civil works comprising of approach road, pump house, operator quarter, protection works, delivery tank, tractor crossings, outlets, channels, and distributory as well as electro-mechanical works comprising of procurement and installation of pumping machinery and allied works. A provision of ₹0.85 lakh was kept in the total cost of the scheme for land compensation for construction of channel and distributory.

Audit scrutiny (December 2011) of records of the Executive Engineer, (EE) Irrigation Division, Akhnoor showed that the work on the scheme was taken up in October 2008 without prior acquisition of land for the scheme in favour of the Department. Against

[36] *Jattan De Kothey, Nai Basti, Jamana Bela and Rajpura*

an amount of ₹91.26 lakh[37] released by the Department under the scheme during the period 2008-12, the EE, Irrigation Division Akhnoor advanced ₹45.95 lakh to the EE, Mechanical Irrigation Construction Division (MICD), Jammu for execution of electro-mechanical components of the scheme who incurred an expenditure of ₹29.85 lakh during the period 2008-12 on procurement of pumping machinery and setting-up of electric sub-station. Out of balance of ₹45.31 lakh an amount of ₹12.92 lakh was incurred on construction of Pump house, approach road, delivery tank and channel and ₹32.39 lakh was advanced (March 2012) to Stores Procurement Department and Jammu and Kashmir Cooperative Supply and Marketing Federation Limited for supply of cement and allied material which had been lifted and stored in the divisional stores (October 2013). Further execution of balance work of the scheme could not be carried on due to land dispute created by the inhabitants of the area who approached the court for compensation and the matter was sub-judice.

The Executive Engineer stated (May 2013) that there was no objection by the people of the area at the time of start of work of the scheme. The reply was not acceptable as the EE Irrigation Division, Akhnoor was required to ensure proper acquisition of land in favour of the Department before taking up execution of the scheme. The matter of acquisition of land was however taken up with the Collector of the Department in March 2011 and with the Revenue Department in December 2012 after over three years of sanction of the scheme. Thus, the injudicious action of the EE Irrigation Division Akhnoor to take up execution of work of the Lift Irrigation scheme Rajpura without acquisition of land in favour of the Department resulted in unfruitful expenditure of ₹42.77 lakh and blockade of funds to the extent of ₹48.49 lakh.

The audit findings were referred to the Government in July 2013. The reply had not been received (January 2014).

3.9 Idle investment due to non-completion of the project

Improper planning in execution of the project by way of effecting changes in the design and size of the pump house after allotment of work to the contractor and non-completion of main components of the project by the Executive Engineer Irrigation Division Kathua resulted in idle investment of ₹1.95 crore.

The State Technical Advisory Committee of the Department approved (April 2005) the project 'Construction of Lift Irrigation Scheme, Dharmni' at a cost of ₹1.77 crore (civil component: ₹74 lakh; and mechanical component: ₹1.03 crore) for funding under Government of India Scheme, 'Accelerated Irrigation Benefit Programme' to provide assured irrigation facility to 182 hectares of agricultural land of four villages[38] of tehsil Billawar district Kathua, for effecting socio-economic advancement of people of the area. The project envisaged lifting of water from right bank of *Ujh* river. The project targetted to be completed within three years involved construction of approach road, pump house/ motorman quarter, delivery tank, two main canals of

[37] 2008-09: ₹24.54 lakh; 2009-10: ₹1.60 lakh; 2010-11: ₹20.40 lakh and 2011-12: ₹44.72 lakh

[38] *Dharmni, Kalyal, Nota and Barota*

length 2300 meters and 1030 meters respectively alongwith three distributories, outlets/ tractor crossings etc. (₹74 lakh), besides installation and commissioning of electro-mechanical equipment (₹1.03 crore). The detailed project report of the scheme was submitted (June 2005) to the State Government by the Chief Engineer, Irrigation and Flood Control Department Jammu for accord of administrative approval which was awaited (February 2013).

Audit scrutiny (January 2012) of records of the Executive Engineer (EE) Irrigation Division Kathua showed that out of an expenditure of ₹1.95 crore incurred on the project during the period 2007-13, an amount of ₹99.20 lakh was incurred on part completion of the civil components of the project by the EE Irrigation Division Kathua and ₹95.71 lakh on electro-mechanical components of the project by the EE Mechanical Irrigation Construction Division, Jammu. The extra expenditure of ₹17.91 lakh over and above the project cost of ₹1.77 crore was met from other deposit works/ schemes of the Division. The design and size of the pump house building was changed immediately after its allotment (February 2008) to the contractor at a cost of ₹6.40 lakh. As a result the contractor refused to execute the work due to increase in the cost of the pump house to ₹11 lakh causing delay in its completion. The main civil components[39] of the project was completed. Thus, due to non-completion of pump house, the project could not be commissioned resulting in idle investment of ₹1.95 crore. After this was pointed out (between January 2012 to June 2013) in audit, the EE, Irrigation Division, Kathua stated (February 2012) that the project would be completed after funding on the revised project cost which was under formulation.

The audit findings were referred to the Government in July 2013. The reply had not been received (January 2014).

REVENUE DEPARTMENT

3.10 Prime Minister's Relief Package for return and rehabilitation of Kashmiri migrants

Only one family had partially availed financial assistance under the Housing component of the scheme. The scheme has not achieved its intended outcome though ₹120.41 crore have been spent upto March 2013.

The Militancy in the State had caused a large scale migration of members of the Kashmiri Pandit community from the Kashmir Valley to mainland at Jammu and other places in the year 1989-90. To provide financial assistance/ relief to the affected families like arrangements for accommodation, payment of cash assistance, issue of free ration etc., a Relief Organisation was created (March 1990), headed by the Relief

[39] Main canal M-1 from RD 1850 meters-2300 meters; Main Canal M-2 from RD 0-1030 meters; Distributories No. 1,2 and 3 of Main Canal M-1, Outlets, Bathing Ghats, Foot bridges, Tractor crossings and Road crossings etc.

and Rehabilitation Commissioner (Migrants) in the Revenue Department Government of Jammu and Kashmir. All the migrants were expected to apply for registration and issue of a ration card to the Department. Presently, around 15000 families are drawing relief at Jammu and the remaining 20000 families are registered without relief benefits.

The Hon'ble Prime Minister during his visit to the State in April 2008, announced, *inter-alia*, a package for return and rehabilitation of Kashmiri migrants. Thereafter, a formal State Government Order was issued in October 2009 detailing seven components[40]of the scheme with total cost of ₹1618.40 crore. The migrant families who were interested to return to Valley and avail the facilities announced under the package were advised to furnish necessary information on the prescribed forms to the office of Relief Commissioner (Migrants) Jammu and office of Principal Resident Commissioner, Government of Jammu and Kashmir, New Delhi. In response, 5136 migrant families had shown willingness to return to the Valley by filing their details in the prescribed form. However, only one family had so far actually returned to the Valley. Against budget allotment of ₹172.09 crore, the department could spend ₹120.41 crore during the years 2008-09 to 2012-13 which was reimbursable by the Central Government. The audit findings are discussed in succeeding paragraphs:

3.10.1 Housing

Under the package, assistance at the rate of ₹7.5 lakh was to be provided to each returnee family for repair/ reconstruction for fully or partially damaged house (more than 20 *per cent* damage) and assistance of ₹two lakh per family for dilapidated/ unused houses (less than 20 *per cent* damage). The assistance of ₹7.5 lakh per family was to be provided for purchase/ construction of a house in Group Housing Societies for those who have sold their properties during the period after 1989 and before the enactment of 'The J&K Migrant Immovable Property (Preservation, Protection and Restraint of Distress Sale) Act, 1997' (30 May 1997). The migrants were expected to form a Group Housing Cooperative Society. Against a budget allotment of ₹1100 lakh for the years 2008-09 to 2011-12, an assistance of ₹five lakh only against the provision of ₹7.5 lakh was provided to one returnee family under the package.

3.10.2 Transit Accommodation

As per the return package, the returnee migrant families were to be provided either transit accommodation during the interim period when they undertake the reconstruction/ repair of their houses and for those who may not be accommodated in transit accommodation were to be paid rental and incidental expenses for a period of one year subject to a ceiling of rupees one lakh per family per annum. A provision of ₹60 crore was made for construction of transit accommodation (two room sets) at four sites (Vessu Anantnag; Hawal Pulwama; Nathnusa Kupwara and Khanpora

[40] (i) Housing (ii) Transit Accommodation (iii) Continuation of cash relief to migrants (iv) Students scholarship (v) Employment (vi) Assistance to Horticulturists/ Agriculturists (vii) Waiver of interest on loans.

Baramulla) and an amount of ₹40.85 crore had been spent on construction of 463 units (Vessu Anantnag: ₹2 crore; Hawal Pulwama: ₹22.73 crore; Nathnusa Kupwara: ₹13.82 crore and Khanpora Baramulla: ₹2.30 crore) as of March 2013.

Since, only one migrant family had returned to the valley, 363 two room sets out of 463 constructed two room sets were allotted to the migrant employees appointed under the PM's package even though their families have not returned to the valley. Thus, the expenditure of ₹40.85 crore incurred on the construction of two room sets had not been utilised effectively.

3.10.3 Providing employment to migrant youth

Fifteen thousand unemployed migrant youth was to be provided with employment opportunities under the package. Out of 15000 overall employment target, 6000 jobs was to be provided in the State Government service. The Central Government had agreed to bear the salary cost for 3000 youth till they were absorbed against regular posts in the State Government. The remaining 9000 unemployed youth was to be assisted with a onetime assistance of ₹five lakh (50 *per cent* grant, 50 *per cent* loan) for facilitating them in getting self-employment/ business venture. Out of 6000 posts sanctioned under the package, 3000 supernumerary posts only had been created (October 2009) by the State Government for Kashmiri migrants in different departments. Out of this only 1446 posts had been filled as of March 2013 in the Valley. The department had incurred an expenditure of ₹79.51 crore on the salary of these employees during the period 2009-10 to 2012-13 but they were not adjusted against regular vacancies.

The youth employed under the scheme are not part of migrant families actually returning to the Valley, evidenced by actual occupation of an owned House or having applied for Housing assistance under the scheme.

The audit findings were referred to the Government in November 2013. The reply had not been received (January 2014).

Rural Development Department

3.11 Implementation of Indira Awaas Yojana

The Government received less central assistance to the extent of ₹24.45 crore during the period 2008-13 due to excessive accumulation of unspent balances, late submission of proposals for release of second installment and inadequate State share. As against shortage of 14901 houses (as per the BPL Census-2002) the Department had sanctioned assistance for 45899 beneficiaries for construction of new houses during the period 2008-13 showing coverage of 30998 ineligible beneficiaries. Inadmissible financial assistance of ₹21.22 crore was paid in 7589 cases due to wrong selection of beneficiaries. Further excess payment of ₹7.04 crore was made to 3782 beneficiaries due to release of financial assistance at enhanced and inadmissible rates.

Indira Awaas Yojana (IAY), a Centrally Sponsored Scheme, is aimed at construction/ upgradation of dwelling units for the target groups who are below poverty line (BPL) households living in the rural areas belonging to Scheduled Castes/ Scheduled Tribes, freed bonded labourers and Non-SC/ ST BPL rural households, widows and next of-kin to defence personnel/ paramilitary forces killed in action residing in rural areas (irrespective of their income criteria), ex-servicemen and retired member of paramilitary forces fulfilling the other conditions. The Scheme is funded on cost-sharing basis between the Government of India and the State Government in the ratio of 75:25 and houses are constructed by the beneficiaries themselves. The Department had sanctioned assistance to 1.52 lakh beneficiaries for construction of new houses during the period 2008-13. The scheme is implemented in the State by the Rural Development Department through the Assistant Commissioners (Development) (ACD) at the district level and Block Development officers (BDOs) at block level.

The audit of implementation of the scheme covering the period from 2008-09 to 2012-13 was conducted during April to September 2013 by test-check of records of the Commissioner/ Secretary Rural Development Department, two Directors of the Department (Kashmir as well as Jammu), six Assistant Commissioners (Development) of six Districts[41] and 12 Block Development Officers[42] selected on the basis of simple random sampling without replacement method. Audit findings are discussed below:

3.11.1 Financial management

The position of receipt of funds both from the GoI and the State Government and expenditure incurred there against during the years 2008-09 to 2012-13 is given in **Table-3.11.1**.

41 Jammu, Ramban, Poonch, Budgam, Kulgam, Kargil

42 Akhnoor, Marh, Banihal, Ramsoo, Surankote, Balakote, B.K.Pora, Khan-Sahib, Phaloo, D.H.Pora, Shar-Chickten and Drass

Table-3.11.1

(₹in crore)

S. No	Year	Opening Balance	Receipts		Miscellaneous	Total	Expenditure	Closing Balance (Percentage)
			GoI	State Share				
1.	2008-09	4.00	49.41	14.11	0.18	67.70	53.54	14.16 (21)
2.	2009-10	17.92	65.46	24.34	0.29	108.01	90.47	17.54 (16)
3.	2010-11	13.57	70.88	20.08	0.69	105.22	89.60	15.62 (15)
4.	2011-12	16.02	57.96	23.45	0.59	98.02	82.39	15.63 (16)
5.	2012-13	15.47	55.82	20.42	0.47	92.18	78.56	13.62 (15)
Total			**299.53**	**102.40**	**2.22**		**394.56**	

The accumulation of unspent balances for the State at the close of the financial years 2008-13 varied between ₹13.62 crore and ₹17.54 crore constituting 15 to 21 *per cent* of the available balances. The non-utilisation of available funds in a particular year affected through cuts in future releases of funds to the extent of ₹6.89 crore in 14 districts of the State during the period from 2008-09 to 2012-13 by the Government of India. The following deficiencies were noticed by the audit:

- The closing balance of funds of the previous year(s) did not match with the opening balance of the subsequent year(s) in the Monthly progress reports (MPRs) submitted by the Assistants Commissioner Development (ACDs) to the Government of India.
- Two to four bank accounts were in operation in five out of six test-checked districts and in 10 Blocks, two to eight bank accounts were being operated by the BDOs in different banks in violation of scheme guidelines.
- Delays ranging between one month and nine months was noticed in release of funds during the years 2008-13 in Jammu district affecting scheme performance.
- None of the test-checked blocks had reconciled the details of funds under the scheme in their records with the banks to ascertain the factual position of un-cashed cheques and exact nature of variations of the balances. The variation between the bank balances and the balances adopted in the cash book ranged between (-) ₹33.95 lakh to ₹143.43 lakh.
- The State Government received less Central assistance to the extent of ₹17.56 crore during the period 2008-13 as GoI had made mandatory deductions of the assistance due to late submission of proposals for release of second installment and inadequate State share.
- Test check of records of BDO Marh showed that ₹28.61 lakh was booked as expenditure in the cash book for the year 2010-11 (₹24.89 lakh in March 2011 and ₹3.72 lakh in February 2011) without recording of details/ other support entries and agency to whom the amount had been paid. Further, ₹14.87 lakh was drawn from the treasury as State Share for IAY in March 2010 which was shown in the general cash book as transferred to the IAY cash book. However the said amount was neither found entered in the cash book nor credited into five IAY bank accounts operated by the BDO. As a result the details of expenditure of ₹43.48 lakh could not be verified.

- As per programme guidelines the inter-district allocation within a State was to be made by giving 75 *per cent* weightage to housing shortage and 25 *per cent* weightage to rural SC/ ST population of the concerned districts. The targets for the blocks within a district and village *panchayats* within the block were to be decided on the same principle. Audit noticed that while making allotment of funds this criteria was not followed and in 23 blocks funds to the extent of ₹19.87 crore was released in excess of the due amount of ₹47.25 crore while as an equivalent amount was released short in other 16 blocks of six test checked districts during the period 2008-13. The ACDs stated (between April 2013 and September 2013) that due care regarding the same would be taken in future.

- There was diversion of ₹3.79 crore from the funds of ₹4.51 crore specifically sanctioned (2008-09) by the GoI under the special package for rehabilitation of 1172 BPL border displaced families of block Akhnoor of Jammu District whose houses got damaged due to heavy shelling from across the border during 2008-09 to 2010-11. The balance of ₹71.91 lakh had remained unspent as of March 2013.

3.11.2 Programme implementation

3.11.2.1 Non-formulation of IAY wait-lists/ annual plans

As per the IAY guidelines, the Department was required to prepare permanent IAY wait list from the BPL lists (prepared on the basis of census-conducted by the Department in the year 2002) and the annual action plans (APs) were required to be formulated from these IAY lists. Scrutiny of records showed that the Department had neither prepared permanent IAY waitlist nor formulated Annual Plans for implementation of the scheme in contravention of the guidelines. Audit observed that six test-checked ACDs had wrongly reported to the GoI that APs were approved and beneficiaries had been selected from the waitlists. The prioritization in selection of beneficiaries from targeted segments prescribed in guidelines was also not undertaken in selected blocks.

On this being pointed out, the ACDs stated that the selection of beneficiaries was made by the *Gram Panchayats* from the BPL Census-2002 as permanent IAY waitlists had not been prepared.

3.11.2.2 Deficient system for selection of beneficiaries

(i) Audit scrutiny showed that the GoI had released funds to the State during the period 2008-13 on the basis of data of Census report 2001 showing shortage of 0.93 lakh houses in the State. However, assistance was been provided to 2.12 lakh houses (2002-08: 0.60 lakh; 2008-13: 1.52 lakh: New Constructions) implying that 1.19 lakh ineligible beneficiaries (households) were provided assistance under the scheme. The Department attributed the increase to bifurcation of BPL families, without any documentary proof to back-up its contention.

(ii) Though the Department had conducted its own BPL Census-2002, yet the selection of beneficiaries was not even confined to the Department's own Survey and assistance was provided in excess of the number of beneficiaries identified in the Survey. A total of 4258 beneficiaries in 11 blocks out of 12 selected blocks were identified as houseless as per BPL census-2002 and were accordingly entitled for assistance for construction of new houses under the scheme. However the assistance was provided to 7270 beneficiaries during 2008-13 out of which only 815 bona-fide beneficiaries (19 *per cent* of 4258) were covered during the period. The concerned BDOs stated that the selection criteria vested with the Gram Panchayats.

(iii) As against shortage of 14901 houses in five districts[43] as per the BPL Census-2002, the Department had sanctioned assistance for 45899 beneficiaries under 'New constructions' during the period 2008-13 showing coverage of 30998 ineligible beneficiaries. Further against 89117 *Kutcha* houses as per the BPL Census-2002, the Department had sanctioned assistance for 9297 beneficiaries under 'upgradation' component of the scheme. The Department accepted treating *Kutcha* householders as 'houseless'.

3.11.2.3 Wrong selection of beneficiaries

(i) As per Scheme guidelines the benefit was to be provided to only rural houseless BPL families. Audit noticed that out of 12981 assisted beneficiaries 6423 beneficiaries (49 *per cent*) which did not fall in the BPL census- 2002 in 12 test-checked blocks had been paid financial assistance of ₹17.80 crore irregularly during the period 2008-13 under the scheme. Further out of 9282 beneficiaries holding *pucca*/ semi-*pucca* houses as per BPL survey in nine blocks, 1154 beneficiaries had been paid an assistance of ₹3.38 crore irregularly as these beneficiaries did not qualify for any financial assistance as per the scheme guidelines. Also 12 beneficiaries from urban/ town areas were extended undue benefit under the scheme in two test checked blocks which had resulted in inadmissible payment of ₹3.58 lakh. The BDOs stated that selection of beneficiaries was made on the recommendations of GPs. This was not acceptable as the BDOs were required to ascertain genuineness of the individual cases.

(ii) 3762 beneficiaries in 11 selected blocks in possession of *kutcha* houses as per the BPL survey were entitled for financial assistance @ ₹15000 per BPL household for upgradation of their houses but the financial assistance at the enhanced rates for construction of new houses (@ ₹38500/ ₹48500) was paid to them during the period 2008-13. This resulted in excess payment of ₹6.98 crore. The BDOs attributed this to selection of beneficiaries by the GPs.

(iii) 20 cases in seven test checked blocks were selected twice during the period 2008-13 and assistance for construction of new houses was paid twice to the same beneficiary resulting in excess payment of ₹5.60 lakh. The BDOs stated that such cases would be investigated.

---

[43] Jammu; Poonch, Ramban, Budgam and Kulgam

3.11.2.4 Status of new construction and upgradation of dwelling units

The position of physical performance in terms of new construction and upgradation of dwelling units under the scheme in the State during the period from 2008-09 to 2012-13 is depicted in **Table-3.11.2**.

Table-3.11.2

Year	New Construction			Up-gradation		
	Taken-up	Completed	Percentage of completion	Taken-up	Completed	Percentage of completion
2008-09	19794	13700	69	7010	5310	76
2009-10	40211	22100	55	9642	7165	74
2010-11	30345	17716	58	14562	9805	67
2011-12	26626	15262	57	11331	7592	67
2012-13	35215	19692	56	773	174	23
Total	**152191**	**88470**	**58**	**43318**	**30046**	**69**

The percentage of completion of houses by the beneficiaries ranged between 55 and 69 and the percentage of completion of upgradation works ranged between 23 and 76 during the period from 2008-09 to 2012-13. The age-wise details of incomplete works at the end of financial years were not maintained by the Department. The Joint Director (P) of the Administrative Department attributed (September 2013) low performance to poor resourcefulness of the beneficiaries.

3.11.2.5 Incomplete dwelling units

As per the programme guidelines, completion of dwelling unit in no case should take more than two years. Audit observed that out of 8741 dwelling units taken up in 10 selected blocks during the period 2008-12, a total of 5146 dwelling units (59 *per cent*) were completed within the stipulated two years period. Audit analysis of the number of spilled-over-scheme (SOS) dwelling units and the period of their completion and those still lying incomplete as of March 2013 in 10 blocks showed that out of 3595 spilled-over-scheme (SOS) dwelling units, 1731 units had spilled over beyond the mandatory two years period. Further, 1519 dwelling units were incomplete as of March 2013 for the periods ranging between two years and five years for which the second installment of financial assistance had neither been claimed nor paid to them. The BDOs stated that most of the beneficiaries were from *Gujjar* community/ nomads who had not claimed the second installment with the result the works spilled over or were not completed and the beneficiaries had not started the constructions.

3.11.2.6 Selection of beneficiaries under Homestead scheme

The GoI launched (August 2009) as a part of IAY scheme for providing homestead-sites to those beneficiaries from the Permanent IAY waitlists having neither a land nor a house-site. The State Government was required to allot suitable Government land as homestead site. In case suitable Government land was not available the private land was to be purchased or acquired and for this purpose financial assistance of ₹10,000 per beneficiary or actual, whichever was less (shared by Centre and States in the ratio of 50:50) was to be provided for purchase/ acquisition of a homestead site of an area around 100-250 sqm. Audit scrutiny showed that the scheme had not been implemented in the State denying the benefits thereof to the deserving population.

3.11.2.7 Interlinking of IAY with other Schemes

With a view to providing comprehensive benefits to the rural BPL families, the State Government was expected to facilitate construction of smokeless *chulas,* sanitary latrines, electricity connections etc. For this purpose there was to be convergence of IAY with activities and funds provided under the 'Total Sanitation Campaign' (TSC), 'RGGVY', 'MGNREGS', 'NRDWP', 'SGSY' etc. Audit observed that the Department had failed to inter-link these programmes with the IAY so that the possible benefits under these programmes could be extended to the beneficiaries. The BDOs stated that no instructions in this regard had been received from the higher authorities. The Joint Director (P) stated (September 2013) that all the instructions received from the Government of India were being passed on to the field agencies for implementation of the scheme.

3.11.2.8 Non-reconciliation of data of physical performance

The dwellings actually taken up for construction, those completed and under execution at the block level as worked out by audit from the records of the selected BDOs, did not match with the Monthly progress reports (MPRs) of that particular BDO and the MPRs of the ACDs submitted to the GoI periodically. The variation ranged between one and 346, between one and 433 and between one and 481 in respect of dwelling units taken up, completed and in-progress respectively during the period 2008-13. Further in respect of completed dwellings the figures had exceeded the actuals by over 100 *per cent*. The BDOs stated that the position would be looked into and necessary corrections required, if any, carried out.

(i) There was a lack of monitoring of construction of houses by the Department. It was observed that in 10 blocks, only first installment of financial assistance of ₹3.87 crore was paid to 1903 out of 10674 beneficiaries during the period 2008-13. The second installment due to such beneficiaries was neither claimed nor paid to them. The BDOs stated that as per the reports the work had not been started by the beneficiaries who as such had not claimed the second installment. The reply was not tenable as the construction of houses by the beneficiaries was to be monitored by the Department.

(ii) In 11 blocks the financial assistance was paid less than that admissible to 2944 beneficiaries under the scheme guidelines during the period 2008-13. This resulted in saving of ₹1.32 crore. The Department while accepting the audit comment stated that the balance amount of the assistance would be released to the beneficiaries.

The audit findings were referred to the Government in November 2013. The reply had not been received (January 2014).

Social Welfare Department

3.12 Implementation of Scheme of Post Matric Scholarship to ST students

There were instances of unauthorized/ irregular payment of scholarship for unrecognized courses and to unaccredited computer centres (₹ 9.24 crore) besides excess payment of scholarship (₹25.34 lakh), non-observance of prescribed procedures and payment of scholarship directly to the private computer institutions/ Centres in contravention of the provisions of the Scheme guidelines.

The Post-Matric Scholarship (PMS) to Scheduled Tribe students, a Government of India (GoI) sponsored scheme,(with 100 *per cent* Central assistance) aims at providing financial assistance to the Scheduled Tribe (ST) students studying at post-matriculation or post-secondary stage to enable them to complete their education. The scheme provides for payment of maintenance allowance, reimbursement of non-refundable compulsory fee charged by Educational institutions, Book Bank facility and certain other allowances, with the stipulations that the payment is to be made for pursuing recognized post matriculation/ post-secondary course in recognized institutions, the scholarship holder under the scheme is not the holder of any other scholarship/ stipend, and the refundable deposits like caution money, security deposit do not form part of the fee paid under the scheme.

The scheme is implemented in the State by the Director, Tribal affairs (created in July 2008) through the District Social Welfare Offices and an expenditure of ₹33.99 crore was incurred under the scheme during the period from 2008-09 to 2011-12.

Records of the Commissioner/ Secretary Social Welfare Department and the Director Tribal Affairs in the implementation of schemes for the period 2008-09 to 2011-12 was test checked from September 2012 to December 2012.The audit findings are discussed in the succeeding paragraphs:

3.12.1 Inadequate coverage of students

The Director, Tribal Affairs had received 44,453 applications from ST students during the period 2008-12 under the scheme against which the scholarship had been sanctioned in favour of 37,322 students (84 *per cent*) only leaving 7131 students (16 *per cent*) uncovered. The Director attributed non-disposal of the claims for scholarship to paucity of funds.

3.12.2 Unauthorised payment of scholarship

3.12.2.1 Payment for unrecognised computer courses/ institutes

The scheme guidelines envisage payment of scholarship for under-going recognised post-matriculation or post-secondary courses in recognised educational institutions. Audit scrutiny showed that scholarship had been sanctioned in favour of 2046 students during the period 2008-12 for undergoing computer courses like Diploma in Software Management (DISM), Diploma in Computer Application (DCA), Certificate Course in Computer Application (CCCA) and Diploma in Information Technology

(DIT) from 20 Computer Institutes/ Centres which were not authorised for undertaking these courses resulting in irregular payment of ₹4.26 crore. The Director stated that in future such courses would not be entertained for payment of Post Matric Scholarships unless such institutions are given accreditation for conducting such courses.

3.12.2.2 Payment to ineligible students

Any student intending to pursue the recognized post-matric computer courses like CHM-O Level (Hardware), O, A, & B Level (Software) of National Institute of Electronics and Information Technology (NIELIT)[44] formerly Department of Electronics Accreditation for Computer Courses (DOEACC) through private recognized/ accredited computer Institutes/ Centres has to get himself registered with NIELIT, which issues a unique registration number to such students. Before sanctioning post-matric scholarships in favour of Scheduled Tribe students, the Directorate of Tribal Affairs was required to scrutinize the claims of students/ institutions by verifying whether the students were actually registered with NIELIT.

Scrutiny of records showed that scholarship of ₹4.98 crore was sanctioned during the period 2008-12 in favour of 2342 students who had pursued computer courses viz. Computer Hardware Maintenance (CHM)-O Level (Hardware) Course/ O, A, & B Level (Software) Courses in private computer institutes without being registered with NIELIT. The fact of non-registration of these students with NIELIT had been overlooked by the Department before sanctioning the scholarship, which resulted in un-authorised payment of ₹4.98 crore. The Director attributed the lapse to inadequate manpower and assured that no payment would be made without proper scrutiny of applications in future.

3.12.3 Excess payment of scholarship

The Scheme guidelines envisage that scholars will be paid for enrolment/ registration, tuition, games, Union, Library, Magazine, Medical Examination and such other fees compulsorily payable by the scholar to the Institution or University/ Board. Guidelines further envisages that compulsory non-refundable fee charged by recognized institutions against free and paid seats of recognized courses can be fully reimbursed as per the fee structure approved by the competent authority of State/Central Government. The NIELET had also prescribed a fee structure for its courses like CHM-O level (Hardware), O, A, and B Level (Software)). The State Government had not approved any fee structure for these computer courses to be got conducted by the Private Computer centres (March 2013). Audit examination of records however, showed that the Director Tribal Affairs reimbursed non-refundable fee claimed by various Computer Institutions at various rates ranging between ₹18000 and ₹21000 for CHM-O level Courses and O, A, & B Level (Software) courses against the approved fee of ₹16700 for 'O' level software and ₹17409 for 'CHM-O' level hardware courses. This resulted in excess payment of scholarship of

[44] Autonomous Scientific Society of Department of Electronics and Information Technology, Ministry of Communication and Information Technology, Government of India

₹25.34 lakh to 975 Scheduled Tribe students. The Director informed that the payment was made on the basis of fee structure finalised by the Department. The fact was that the fee structure was not approved by the Government.

3.12.4 Direct release of payments to computer Institutions/ Centres

The Scheduled Tribe students enrolled/ studying in institutions recognized by the Central/ State Government Agencies/ Authorities are entitled to the scholarship on submission of claims enclosing copies of receipts/ acknowledgements issued by the Institutions in token of having received the fees etc. Scrutiny of records showed that instead of making payment of scholarship to the students, the amount was paid directly to the private computer Institutions/ Centres during the period 2008-12. Direct payment to the Institutions carries the risk of non-verification whether the students indeed pursued the course to the full extent and the Institutions filing proxy applications to claim financial assistance.

On this being pointed out, the Director stated (October 2013) that the practice of payment was in vogue in the Department and that the matter would be taken up with the Government for clarification.

3.12.5 Sanctioning of scholarship on deficient applications

Test-check of application forms received from the students for reimbursement of scholarships showed that in 225 out of 1000 test-checked application forms of ST scholars, who had been paid ₹39.15 lakh, neither income certificates of the competent revenue authority i.e. Tehsildar concerned nor affidavits on non judicial stamp paper declaring the income of the parents/ guardians were found attached with the application forms. The income certificates enclosed with the application forms were obtained from local MLAs, who have not been delegated the authority to issue such certificates. Further, in six cases involving scholarship of ₹1.22 lakh, affidavits were found tampered by way of applying correction fluid on names, parentage and signature etc.

3.12.6 Lack of internal control mechanism

Audit observed that the Department had not setup a proper internal control mechanism for implementation of the scheme as would be seen from the following instances:

- The Department did not maintain any records (Year/ Institute/ District-wise) which could reflect full particulars of the students viz., name, parentage, address, name of the course, registration number, amount of reimbursement of fee etc.
- The Department had not conducted any reconciliation with the bank from September 2009 to September 2012 to ascertain the position of un-cashed cheques and accumulation of cash balance of ₹2.05 crore including interest of ₹34.88 lakh in the Saving Bank account as of September 2012.
- The Audit Certificates of the Scheme are pending since 1993-94 and no efforts had been made by the Department to obtain the Audit Certificates for submission to the Ministry of Tribal Affairs.

The audit findings were referred to the Government in September 2013. The reply had not been received (January 2014).

Social Welfare Department

3.13 Idle investment due to non-possession of the building

Non-taking over possession of the *Nari Niketan* complex at village Mangnar (Poonch) by the department resulted in idle investment of ₹92.14 lakh besides non-accrual of intended benefits to the concerned orphans and widows.

To ensure proper accommodation and rehabilitation of the orphans and widows, the District, Social Welfare Officer (DSWO) Poonch approached (March 2005) the Executive Engineer (EE) Public Works (Roads and Buildings) Division Poonch (executing agency) for construction of a *Nari Niketan* complex at village Mangnar (Poonch) as there was no sufficient accommodation and the existing *Nari Niketan* was run in the rented accommodation. Accordingly, the Superintending Engineer, PWD (R&B) Circle Poonch Rajouri submitted (September 2005) the Detailed Project Report (DPR) for construction of the complex at a cost of ₹81.75 lakh to the Director, Social Welfare Department Jammu for completion within one year subject to availability of funds. Consequently, administrative approval (AA) for the project was accorded by the Secretary, Social Welfare Department in September 2006. The works for construction of project were allotted (December 2006/ January 2007) by the EE, PWD (R&B) Division, Poonch to the contractors.

Audit scrutiny (August 2012) of records of the District Social Welfare Officer (DSWO) Poonch showed that the complex had been completed in May 2010 at a cost of ₹92.14 lakh after a delay of about four years. The executing agency had requested (June 2010) the DSWO Poonch to take over possession of the building which had been completed in all respects including toilets/ bathrooms/ electrification etc. The DSWO Poonch reported (June 2012) to the Director, Social Welfare Department Jammu that upon visiting the site the building was found incomplete in respect of toilets/ bath rooms/ electrification and proper drainage system and that the executing authorities had been approached to complete the building. However, the possession of the *Nari-Niketan* building had not been taken over by the Department as of July 2013 and the building continued to be housed in the existing rented accommodation for which an amount of ₹6.12 lakh had been paid as rent from January 2008 to December 2012. Thus, failure of the departmental authorities to take over possession of the complex resulted in (a) idle investment of ₹92.14 lakh for over three years (b) non-accrual of intended benefits to the concerned orphans and widows and (c) avoidable payment of rent (₹3.77 lakh during July 2010 to July 2013).

After this was pointed out in Audit the DSWO Poonch stated (August 2012) that possession of the building would be taken over as and when it was completed satisfactorily. The fact, however, remains that the EE, PWD (R&B) Division Poonch intimated (July 2013) that the building had been completed in all respects and the concerned Department was asked (June 2010) to take over the building.

The audit findings were referred to the Government in November 2013. The reply had not been received (January 2014).

Youth Services and Sports Department

3.14 Irregular expenditure

Failure of the departmental authorities to ensure transfer/ acquisition of encumbrance free land before undertaking execution of a project for construction of an Indoor complex/ Rifle shooting range-cum-open play-field at Nagrota, Jammu resulted in irregular expenditure of ₹1.04 crore and blockage of funds of ₹0.76 crore.

For development of sports facilities, Department of Youth Services and Sports conceived a project 'Construction of an Indoor Complex/ Rifle shooting range-cum-open play field' at Nagrota, Jammu during the year 2008-09. For this purpose, Government land measuring 70 *kanals,* situated behind Sainik School, Nagrota was identified and the matter in this regard was taken up (October 2008) by the Director General, Youth Services and Sports, Jammu with the Vice Chairman, Jammu Development Authority (JDA). The Director General of the Department also approached (October 2008) the Managing Director, Jammu and Kashmir Projects Construction Corporation Limited (Company) for construction of the project without formal transfer and possession of identified land. The Company submitted (December 2008) cost offer of ₹6.49 crore for the project to the Department to be completed within a period of 12 months.

Audit scrutiny (April 2011) of records of the Director, Youth Services and Sports, Jammu showed that ₹50 lakh was placed (December 2008) at the disposal of the Company by the Director General without accord of administrative approval for the project. The work on the project was started by the Company in January 2009 which was stopped (August 2009) by the JDA on the plea that the Department had neither got the land transferred nor the requisite building permission obtained from them. Apart from this, a private person claiming to be owner of a portion (four *kanals* and 18 *marlas*) of land approached the Court of Law which directed (December 2009) for demarcation of land by the Revenue authorities. Though the demarcation report of the land had been submitted by the Deputy Commissioner, Jammu in April 2010, the issue had not been resolved (December 2012).

The Department further released ₹1.30 crore[45] during the period 2010-12 in favour of the Company. The construction work stopped by the JDA in August 2009 was intermittently resumed by the Company and was again suspended in November 2011. An expenditure of ₹1.04 crore was incurred on various components of the project[46] as of November 2012. After this was pointed out in audit, the Director, Youth Services and Sports, Jammu stated (December 2012), that the matter regarding transfer of land was under active consideration of the Government. The matter had, however, not been resolved (April 2013).

[45] (March 2011: ₹one crore and March 2012: ₹30 lakh)

[46] Indoor Shooting Hall; Outdoor Shooting Hall; Pavilion-cum-Spectator stand; shifting of cremation and waiting sheds

Thus, taking up execution of the project without administrative approval and without ensuring transfer/ acquisition of encumbrance free land by the departmental authorities resulted in irregular expenditure to the tune of ₹1.04 crore and blockage of funds retained by the JKPCC to the extent of ₹0.76 crore, besides the objective of development of sports facilities could also not be achieved.

The matter was referred to the Government/ Department in May 2013, reply thereof was awaited (January 2014).

Srinagar/Jammu
The 25 FEB 2014

(Subhash Chandra Pandey)
Principal Accountant General (Audit)
Jammu and Kashmir

Countersigned

New Delhi
The 27 FEB 2014

(Shashi Kant Sharma)
Comptroller and Auditor General of India

APPENDICES

Appendix-2.1
(Refer Paragraph: 2.1.9.1; Page: 15)
Statement showing extra cost due to variation in rates in execution of works

(A) Extra Cost of WW-01

(Amount in Rupees)

S. No.	Particulars	Comparison of rates		Excess rates of WW-01	Quantity as per BOQ	Extra cost of work
		WW-01	WW-02			
01.	**RCC NP3 Sewer pipes-IS 458: 2003**					
i	200 mm inner dia. Invert depth up to 2.00 m.	1425.00	1125.00	300.00	43117	12935100.00
ii.	200 mm Inner dia. Invert depth 2.01 to 3.00 m	1625.00	1125.00	500.00	80	40000.00
iii.	200 mm inner dia. Invert depth 3.00 to 4.00 m	1825.00	1525.00 (ww-03)	300.00	80	24000.00
iv.	250 mm inner dia. Invert depth up to 2.00 m	1480.00	1275.00	205.00	385	78925.00
v.	300 mm inner dia. Invert depth 2.00 m	1850.00	1450.00	400.00	515	206000.00
vi.	300 mm inner dia. Invert depth 2.01 to 3.00	2275.00	1875.00	400.00	100	40000.00
vii.	300 mm inner dia. Invert depth-3.01 to 5.00	2550.00	2150.00	400.00	20	8000.00
02.	**HDPE PN4 PE80 Sewer pipes –IS 14333: 1996**					
i	DN 160 mm invert depth up to 2.00 mm	1630.00	1030.00	600.00	8324	4994400.00
03	**Manholes**					
i.	MH 90 type A Shallow manhole with RCC cover slab (0.9x1.2)	12500.00	10500.00	2000.00	1020	2040000.00
ii.	MH 120 type A Shallow manhole with RCC cover slab (1.2x1.2)	18500.00	17500.00	1000.00	24	24000.00
04.	**House Connections**					
i.	110 mm OD UPVC pipe including junctions and bends with average depth to invert 0.7 m (off roads)	1270.00	870.00	400.00	10000	4000000.00
ii.	DN 110 mm HDPE pipe including junctions and bends with average depth to invert 0.8m	1200.00	1000.00	200.00	5600	1120000.00
iii.	DN 160 mm HDPE pipe including junctions and bends with average depth to invert 0.8	1500.00	1300.00	200.00	5000	1000000.00
05.	**Inspection Chambers**					
i.	Inspection Champers type IC45 depth up to 0.4	4900.00	4000.00	900.00	1100	990000.00
ii.	Extra over IC45 for additional depth	1250.00	700.00	550.00	165	90750.00
iii.	Inspection Champers type IC 70 depth up to 0.6 m	6100.00	4500.00	1600.00	3000	4800000.00
iv.	Extra over IC70 for additional depth	1460.00	900.00	560.00	900	504000.00
06	**Provisional Items**					
i.	Extra over the items of BOQ for excavation in rock, boulders or concrete materials that require pneumatic, hydraulic or wedges for removal	1580.00	780.00	800.00	50	40000.00
	Total (A)					**32935175.00**

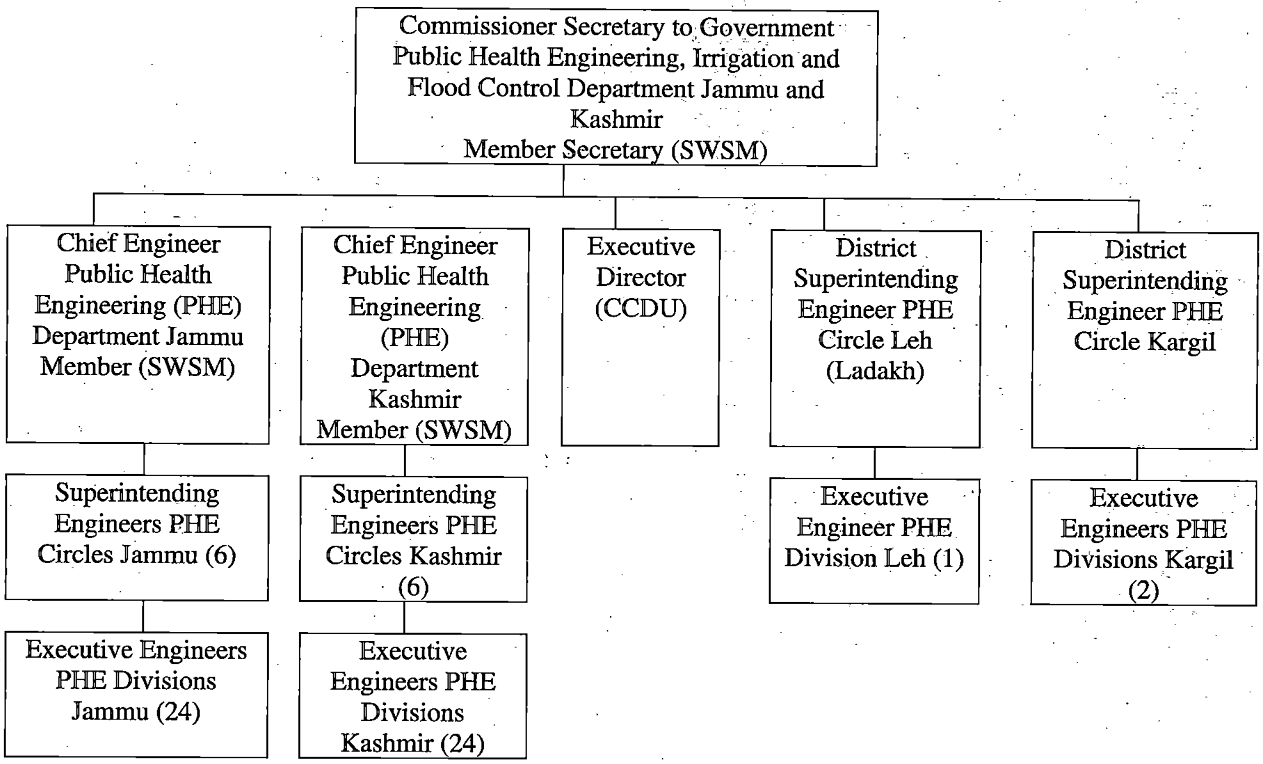
(B) Extra Cost of WW-03

S. No.	Particulars	Comparison of rates		Excess rates of WW-03	Quantity as per BOQ	Extra cost of work
		WW-02	WW-03			
01.	**RRC NP3 Sewer pipes IS458:2003**					
i.	200 mm inner dia. Invert depth up to 2.00m	1125.00	1525.00	400.00	60490	24196000.00
ii.	200 mm inner dia. Invert depth 2.01 to 3.00m	1225.00	1625.00	400.00	5095	2038000.00
iii.	250 mm inner dia. Invert depth up to 2.00m	1275.00	1580.00	305.00	1762	537410.00
iv.	300 mm inner dia. Invert depth up to 2.00m	1450.00	1750.00	300.00	1671	501300.00
v.	300 mm inner dia. Invert depth up to 2.01to 3.00 m	1875.00	2175.00	300.00	294	88200.00
vi.	300 mm inner dia Invert depth up to 3.01 to 5.00m	2150.00	2450.00	300.00	105	31500.00
vii.	500 mm inner dia. Invert depth up to 2.00m	2725.00	3025.00	300.00	20	6000.00
02.	**HDPE PN4 PE80 Sewer pipes-IS14333:1996**					
i	DN 160 mm invert depth up to 2.00 mm	1030.00	1330.00	300.00	11380	3414000.00
03.	**Manholes**					
i	MH90 type A Shallow manhole with RCC cover slabe (0.9x1.2)	10500.00	13500.00	3000.00	3172	9516000.00
ii	Extra over MH 90 type A additional depth.	4000.00	7000.00	3000.00	952	2856000.00
iii	MH 120 type A Shallow manhole with RCC cover slab (1.2x1.2)	17500.00	22500.00	5000.00	18	90000.00
iv	MH 120 type B with conical brick work shaft (1.2x1.5)	22000.00	25000.00	3000.00	348	1044000.00
v	Extra over MH 120 type A&B additional depth (limited to 3.99m)	7000.00	10000.00	3000.00	459	1377000.00
vi	MH 120 type C with conical brick work shaft (1.2x4m)	80000.00	98000.00	18000.00	81	1458000.00
vii	Extra over MH120 type (additional depth >4m)	18000.00	21000.00	3000.00	75	225000.00
04.	**House Connections**					
i	110 mm OD UPVC pipe including junctions and bends with average depth to invert 0.7m (off road)	870.00	1870.00	1000.00	30000	30000000.00
ii	DN 110mm HDPE pipe including junctions and bends with average depth to invert 0.8 m	1000.00	2100.00	1100.00	29956	32951600.00
iii	DN 160 mm HDPE pipe including junctions and bends with average depth to invert 0.8 m	1300.00	2300.00	1000.00	12838	12838000.00
05.	**Provisional**					
i.	Extra over the items of BOQ for excavation in rock, boulders or concrete materials that require pneumatic hydraulic of wedges for its removal	780.00	2500.00	1720.00	100	172000.00
ii.	Excavation in all kinds of soil for depths and backfilling wherever needed for thrust block, anchor block or all other purposes.	350.00	1000	650.00	100	65000.00
	(Total (B)					**123405010.00**
	Grant Total A+B					**156340185**

Appendix-2.2

(Refer Paragraph: 2.2.2; Page: 23)

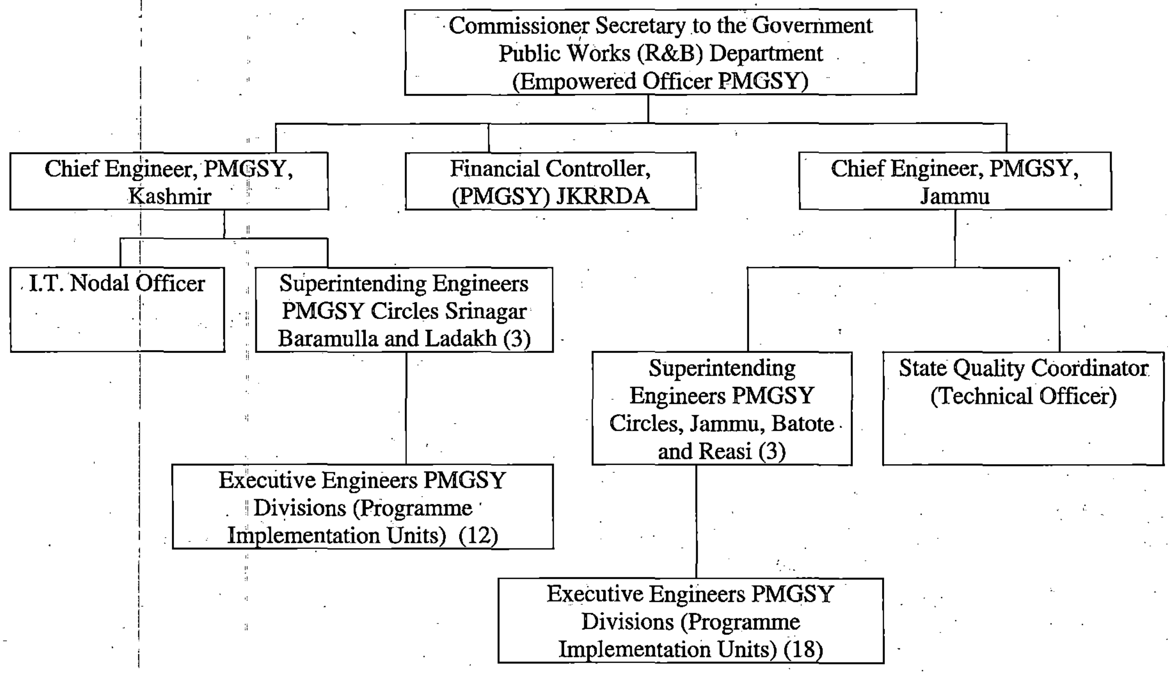
Organizational set-up



Appendix-2.3

(Refer Paragraph: 2.3.2; Page: 45)

Organizational chart



Appendix-2.4
(Refer Paragraph: 2.3.11.1; Page: 55)
Statement showing allotment of contracts to inexperienced contractors

(₹ in crore)

S .No	Contractor	No. of Road Projects	Sanctioned cost	Allotted cost	Comment
01.	M/s Shivam Build Con Associates	06	24.52	21.45	Owner of mix-plant at Domail Jammu. Execution of bituminous works only. PW (R&B) Department conferred class 'Special' to contractor to cast tenders of bituminous works only. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.
02.	M/s R.K. Gupta and Co.	12	47.94	44.42	Contractor for executing works of telecom networks, optical fibre cable networks and building works. Never executed any works of road construction before allotment of roads under PMGSY and as such criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.
03.	M/s Mirz Infrastructure Builders	06	39.00	34.72	Trader of cement, iron, HSD, LDO and *bajri* etc. Registered with Assistant Labour Commissioner Budgam for carrying out work of Hot Mix Plant. Turnover for five years obtained but did not indicate turnover in respect of civil works. Details of civil works executed during the last five years not furnished. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.
04.	M/s Haji Safdar Mir & Co.	07	15.46	15.73	Registered with Commercial Taxes Department as supplier and contractor of bricks and stone *bajri*. Registered with Income Tax Department for business of *Bajri*, clay and sand. Details of civil works completed during last five years not furnished. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.
05.	M/s Associated Builders	06	50.23	43.81	Registered with DIC Kupwara as SSI unit for manufacturing and processing of Bituminous concrete. Execution of bituminous works only and never executed construction of roads. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.
06.	M/s PBS Construction	06	14.32	14.12	Registered as manufacture of Bituminous Concrete with VAT authorities. Details of Macadam works furnished by contractor pertain to the period 1999-2005. No experience in construction of road projects. Details of civil works completed during last five years not furnished. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.

07.	M/s Kash Con Construction	01	15.52	13.65	Registered with DIC Budgam as SSI unit as well as with VAT authorities for manufacturing and processing of Bituminous concrete. No experience of execution of construction of roads. Turnover in respect of civil works not furnished. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.
08.	M/s Civil Construction Engineering	03	10.11	8.50	Registered with DIC Budgam as SSI unit as well as with VAT authorities for manufacturing and processing of Bituminous concrete. Details for civil works completed during last five years not submitted The contractor executed works of Macadam only Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled
09.	M/s Katoo Construction	15	24.23	21.79	Registered with Commercial Taxes Department as dealer of iron, pipes, cement coal and coke. No experience of execution of construction of roads Turnover in respect of civil works not furnished. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.
10.	M/s Satvir Gupta Fabricators	05	38.52	36.20	The entity possessed the work experience of fabrication and launching of steel motor bridges only. Had not constructed any road in the past.
11.	M/s Pardeep Kr. Sharma & Ch. Abdul Gani (JV)	01	1.37	1.37	Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled. Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
12.	M/s BaldevRaj Gandotra	03	3.89	3.87	Registered with Commercial Taxes and Central Sales Tax authorities as wholesale and retail dealer of electrical goods etc. Turnover for the last three years submitted but turnover on civil construction works not obtained. No requisite work experience. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.
13.	M/s Mohd. Sharief Khan	01	1.49	1.42	Turnover for the last three years submitted but turnover on civil construction works not obtained. No requisite work experience. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled. Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
14.	M/s Randeer Singh	01	1.75	1.63	Turnover for the last five years submitted but turnover on civil construction works not obtained. No requisite work experience. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled. Registration certificates of Commercial and Central Sales Tax authorities to register the firm as works contractor not obtained

15.	M/s Kuldeep Singh	02	2.02	1.77	Turnover for the last five years submitted but turnover on civil construction works not obtained. No requisite work experience. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled. Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
16.	M/s Mool Raj Sharma	02	2.58	2.55	Turnover for the last five years submitted but turnover on civil construction works not obtained. No requisite experience of road construction. Had not completed/executed any road work Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
17.	M/s Rajput Earthmovers	02	2.53	2.33	Turnover for the last five years submitted but turnover on civil construction works not obtained. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled. Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
18.	M/s Manohar Lal	01	0.97	0.96	Turnover for the last five years submitted but turnover on civil construction works not obtained. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled. Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
19.	M/s Shree Kerni	01	1.30	1.30	Turnover for the last five years submitted but turnover on civil construction works not obtained. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
20.	M/s Radha const. co.	01	1.41	1.41	Turnover for the last five years submitted but turnover on civil construction works not obtained. Completed works of ₹ 34.03 lakh only against the minimum completed works of ₹ 46 lakh as per SBD. Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
21.	M/s Jugal Kishore	01	1.71	1.46	Turnover for the last five years submitted but turnover on civil construction works not obtained. Completed works of ₹ 44.29 lakh only against the minimum completed works of ₹ 57 lakh as per SBD. Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
22.	M/s Krishan Saroop & Sons	01	1.90	1.87	Turnover for the last five years submitted but turnover on civil construction works not obtained. Completed works of ₹ 30.02 lakh only against the minimum completed works of ₹ 63.40 lakh as per SBD.

					Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
23.	M/s Abdul Magray	01	1.87	1.85	Turnover for the last five years submitted but turnover on civil construction works not obtained. No work experience of road construction. Not executed any road works. Registration certificates of Commercial Taxes and Central Sales Tax authorities to register the firm as works contractor not obtained.
24.	M/s Khurshid & Co.	02	27.50	27.43	The contractor furnished turnover for period 2000 to 2004 against the requirement of period from 2005 to 2008. Not obtained details of works executed certified by the concerned Executive Engineer. Registration Certificates of Commercial Taxes authorities not demanded by the Department while evaluating bids. Turnover in respect of civil works not furnished. Criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled.
25.	Varindera Construction Ltd.	01	21.13	17.70	Turnover in respect of civil works not furnished. Works shown as executed by the contractor did not indicate construction of road projects. As such, criteria of completion of similar works equal in value to one-third of the estimated cost of work not fulfilled. The contractor appointed Mohd. Afzal Wani as Power of Attorney to execute the work which indicated that the contractor sub-contracted the whole work which was not allowed as per SBD. The contractor had not mobilized men and machinery as mentioned in the Bid.
26.	A.K. Constructions, Builders and Engineers	05	27.43	24.36	The entity possessed the work experience of fabrication and launching of steel motor bridges only. Had not constructed any road in the past.
	Total	**93**	**380.70**	**347.67**	

Appendix-2.5

(Refer paragraph: 2.3.11.2; Page: 55)
Statement indicating allotment of contracts to ineligible contractors

(₹ in crore)

S. No.	Name of the Contractor	No. of Road projects allotted	Period	Allotted cost of Road Projects	Expenditure incurred	Nature of irregularities noticed in Audit
1.	M/s Wani & Co Sidhra Bye pass Jammu.	10	2009-11	51.75	32.06	1. The contractor did not possess the experience of construction of road projects. 2. As a prime contractor, at least similar works equal in value to one-third of the estimated cost of works for which bid was invited not completed.
2.	M/s RCC Infratech Pvt. Ltd	04	2010-12	24.42	14.72	1. M/s RCC Infratech Pvt. Ltd. was incorporated on 30.03.2010 under the Companies Act 1956. 2. As per information furnished M/s RCC Infratech Pvt. Ltd. was constituted in place of M/s Riaz Construction Company (Partnership Firm) but there was no such indication by the Registrar of Companies J&K. 3 For conversion of Partnership Firm into Private Limited Company, the provisions of the Companies Act 1956 were to be adhered to. Such provisions were not followed in the case. The Company had used turnover and experience certificates of M/s Riaz Construction Company.
3.	M/s Ajay Kapoor Build con Private Ltd.	16	2004-09	50.48	44.76	1. M/s Ajay Kapoor Build con Private Ltd. was incorporated on 05.12.2003 as Limited Company. 2. 16 road projects, which were allotted to contractor, were put to tenders during the period from August 2004 to May 2008 (August 2004: three; June 2006 to February 2007: five; July 2007: two; May 2008: six). The certificates of turnover for the years 2002-03 and 2005-06 pertained to M/s Ajay Kapoor Contractors (Proprietorship concern). 3. When company was incorporated during 2003-04, how the Department considered bids of company in light of requirement of five years turnover and experience. 4. Joint Venture Deed between M/s Ajay Kapoor Build con Private Ltd. and M/s S.K.Sharma, contractor and Engineers was not attested by First class Magistrate as required in the SBD. 5. Turnover for five years obtained did not indicate turnover in respect of civil works.

4.	M/s Fazal Rehman Dar Construction (P) Ltd.	07	2009-12	31.97	19.16	1. M/s Fazal Rehman Dar Construction (P) Ltd. incorporated under the companies Act 1956 on 13.11.2009 but the accounts furnished along with technical bid submitted by the company pertained to M/s Fazal Rehman Dar, civil contractor. 2. The company was formulated in November 2009 but the Department accepted accounts submitted by the company for the period 2006-07 to 2009-10. 3. The certificate of registration with the Commercial Taxes Department for execution of works contracts pertaining to M/s Fazal Rehman Dar was made in February 2003. The Department accepted the registration of individual proprietorship with Commercial Taxes Department for the private limited Company. 4. Initially the Divisional authorities of PIU Rajouri made payments to the company under PAN No. AABCF568IL. Later on, the PAN No. was changed to AABDD1092J which was individual PAN card of Mr. Fazal Rehman Dar. The PIU failed to detect this and made payments to individual instead of to a company.
5.	M/S Amardeep Construction	02	2007-08	4.95	4.75	1. M/s Amardeep Construction with address at 62, Rehari Colony Jammu was registered with Commercial Taxes Circle 'O' Jammu for execution of works contract during October 2005. 2. When entity was registered during 2005-06, the question of submission of turnover for the years 2000-01 to 2004-05 could not arise. 3. Turnover for the years 2000-01 to 2004-05 and experience required for bid pertained to the entity of similar name M/s Amardeep Constructions Jeypore Koraput Orissa.
6.	Millith Karv Engineering and Trading Private Ltd.	07	2009-11	39.11	20.13	1. M/s Millith Karv Engineering and Trading Private Ltd. New Delhi was incorporated on 22.10.1991 as Limited Company under the Companies Act 1956 whereas M.K. Enterprises, which was registered as wholesale and retail dealer of various items with Commercial Taxes Circle 'B' Jammu for Central Sales Tax, was changed to Millith Karv Engineering and Trading Private Ltd. during June 2003 and shown address of Head Office at New Delhi totally different from the address of M/s Millith Karv Engineering and Trading Private Ltd. New Delhi which was incorporated on 22.10.1991.

						2. Formalities for conversion of M.K. Enterprises to Millith Karv Engineering and Trading Private Ltd. not obtained by Department. 3. M/s Millith Karv Engineering and Trading Private Ltd. New Delhi was a Limited Company where as the contractor of road projects was shown as Proprietor of M/s Millith Karv Engineering and Trading Private Ltd. in certificate of enlistment and registration of contractors. 4. The Ministry of Labour, GOI granted Certificate of Registration to M/s Millith Karv Engineering and Trading Private Ltd. Plot No. 164 Shivpora Srinagar and not to M/s Millith Karv Engineering and Trading Private Ltd. New Delhi
7	JKM Infra Projects Pvt. Ltd.	01	2009-10	27.87	25.18	1. M/s JKM Infra Projects Pvt. Ltd. was founded by Sh. S.S. Jalan whereas M/s Kamal Builders is a partnership firm of his four sons. 2. Agreement dated 27.08.2007 regarding taking over of Kamal Builders by M/s JKM Infra Projects Pvt. Ltd. was not signed by all the four partners of Kamal Builders. 3. On the official site of these entities, no indication of taking over of Kamal Builders by M/s JKM Infra Projects Pvt. Ltd. 4. The experience certificates showing civil projects executed by Company annexed with bidding documents pertained to Kamal Builders
Total		**47**		**230.55**	**160.76**	

Appendix-2.6

(Refer paragraph: 2.3.11.3; Page: 56)
Statement showing irregularities noticed in allotment of contracts

S. No.	Name of the Contractor	No. of roads projects	Allotted cost (₹ in crore)	Expenditure incurred (₹ in crore)	Nature of irregularities noticed in audit
01	M/s GVPR Engineers Ltd.	24	156.93	44.78	1. The Department entered into agreement for the contracts with local representative of the contractor. 2. The performance Bank Guarantees of ₹ 3.83 crore accepted by the Department were issued by the J&K Bank Ltd. SMGS Hospital Branch Jammu where the contractor M/s GVPR Engineers Ltd. had no Bank Account. It indicated that the Department did not obtain bank certificates for evidence of access to or availability of credit facilities as required under Clause 4.4 B (b) (iii) of SBD. Initially the BGs were issued by Andhra bank Hyderabad and fresh BGs were issued from J&K Bank Limited before their expiry. 3. The contractor did not deploy engineering staff and machinery as depicted in bidding document and the Department had not taken any action against the contracting Company in terms of provisions of the contract. 4. The Department attributed reasons for stoppage of work to internal dispute between the contractor and the local representatives (contractor). This indicated that the Company sub-contracted all the road projects to local contractors. 5. The local contractor of the Company had also represented another contracting Company M/s Cube Construction Engineering Ltd. to whom the Department had awarded eight road projects.
02	M/s Cube Construction Engineering Ltd.	08	38.06	24.60	1. The Department entered into agreement for the contracts with local contractor which was also the local representative of M/s GVPR Engineers Limited. 2. Performance Bank Guarantees of ₹ 1.90 crore accepted by the Department were issued by the of J&K Bank Ltd. SMGS Hospital Jammu where M/s Cube Construction Engineering Ltd. had no Bank Account during this period as the Company closed its bank account on 30.03.2010. It indicated that the Department had not obtained bank certificates for evidence of access to or availability of credit facilities as required under Clause 4.4 B (b) (iii) of SBD. 3. The Company did not deploy engineering staff and machinery as depicted in bidding document and the Department had not taken any action against the Company in terms of provisions of the contract. 4. The local contractor had constituted firm in the name of M/s Cube Construction Engineering during August 2007 with address that of its residential address and appointed this firm as sub-contractor of M/s Cube Construction Engineering Ltd. The Department failed to detect this and allowed sub-contract of 25 *per cent* of the contract value of ₹ 4.65 crore to the local contractor. 5. The local contractor used letter pad and Rubber Stamp of firm M/s Cube Construction Engineering for the business purposes.
03	M/s ECI Engineering and Construction Pvt. Ltd.	10	54.94	33.58	1. The Department did not entered into an agreement for the contracts with the contracting Company. 2. The Company sub-contracted all the road projects to the local contractor. 3. The contracting Company was registered with the Commercial Taxes Circle 'O' Jammu during December 2008 without any address of Hyderabad. 4. The Company had not deployed engineering staff and machinery as depicted in the bidding document and had never monitored the construction activities from the commencement of works.
	Total	**42**	**249.93**	**102.96**	

Appendix-2.7

(Refer paragraph: 2.3.12.1; Page: 59)

Statement showing details of habitations connected by PMGSY and Public Works (R&B) Department

(₹ in lakh)

S. No	Name of the PIU	Roads taken up under PMGSY: Name of the road	Date of allotment	Proposed habitation	Sanctioned cost	Allotted cost	Expenditure	Roads taken up by R&B Department under other schemes: Name of the road	Date of start	Allotted cost	Expenditure	Proposed habitation	Status of road	Remarks
1.	Rajouri	Rajouri to Gurdanbala (JK 1240)	27.04.2010	Gurdanbala	422.61	391.83	301.63	Link road to Gurdanbala (NABARD-XIII)	2007-08	249.60	295.13	Gurdanbala	Completed	
2.		Sasalkote to Challas (JK 1225)	08.12.2007	Challas	305.79	248.00	259.21	Doongi to Challas	2006-07	202.63	110.99	Challas	Ongoing	
3.		Rajdhani to Panjgrim (JK 1216)	17.09.2007 17.08.2011	Panjgrim	482.45	482.34	371.26	Doongi Panj-Grain	2001-02	179.93	182.61	Panjgrim	Completed	Up gradation completed in January 2013
4.		Kallar to Sawani (JK 1251)	09.01.2009	Sawani	169.03	167.65	129.64	Kallar to Sawani	2001-02	-	120.32	Sawani	Completed	
5.		Kalidub to Loor koot	Sanctioned under Phase-VIII and tendering under process	Loorkoot	235.39	-	-	Kalidub to Loor Koot	2002-03	97.30	97.30	Loor Koot	Completed	
6.		Neeli to Hayatpura (JK 1214)	Sanctioned under Phase-VIII and tendering is under process	Hayatpura	423.31	-	-	Manjakote Hayatpora	Prior to 2006-07	291.50	173.10	Hayatpora	Ongoing	
7.		Manjkote to Mangalnar (JK 12115)	Sanctioned under Phase-VIII and tendering under process	Mangalnar	388.18	-	-	Hayatpora Mangalnar (NABARD XIII) 36 mt. bridge on Hayatpura Mangalnar road	2007-08 2007-08	- -	148.30 170.46	Manglanar Tunditrar	Ongoing	
8.		Pullian to Tinditrar (JK 1282)	04.05.2011	Tinditrar	311.35	273.22	141.47							

9.		Ujhan to Leerari (JK 1222)	20.02.2008	Leeran	330.88	319.28	302.26	Khurmarg to Leeran (NABARD XIV)	2008-09	247.13	170.00	Leeran and Soker	Ongoing	
10.		Kotdhari to Sokar (JK 1285)	29.06.2011	Soker	402.95	359.55	134.03							
11.		Samote to Tragain (JK 1286)	29.06.2011	Tragain	427.57	379.58	124.97	Samote to Tragain (1-3 Km) (4-5th Km) Bridge 2nd Km	2001-02		77.06 63.10 104.00	Tragain	Completed	
12.	Udhampur	Tikri to Chanas (JK 14150)	25.03.2011	Chanas	181.11	149.54	149.54	Tikri to Chanas (2 km)	2004-05	60.65	52.33	Chanas	Completed	
13.		Tikri to Gole (JK 14142)	22.03.2011	Gole	98.25	78.45	74.00	Tikri to Gole (2km)	2004-05	-	33.34	Gole	Ongoing	
14.		Kotli Bala to Ossu (JK1436)	02.12.2008	Ossu	612.17	606.22	605.53	Salmay to village Dhar Gaddian via Ossu (4 Km) (RIDF-VI) 10 mt. span bridge Salmay to village Dhar Gaddain via Ossu (RIDF-VI) Road and M/bridge from Lethy morh Ossu to meet Salmay Foreway Pakhlaie road in Km (3.50 km) 6th (RIDF XVI)	2002-03 2002-03 2010-11	130.50 15.15 331.70	125.38 16.65 143.19	Ossu Pakhlai, Charat, Dhar Gaddian and Ossu	Completed completed Ongoing	
15.		Ossu to Dhar Gaddian (JK 14103)	02.04.2011		474.65	401.88	--							
16.		Supply Morh Kaithgali to Jasserkote (JK 1482)	01.10.2009	Jasserkote	1416.09	1175.25	574.87	Khodian Palli to Upper Hartyan	2006-07	245.88	245.88	Palli, Jasserkote, Upper Hartyan	Ongoing	
17.		To 5 Km. 9/250-Palli (JK14119)	30.12.2010	Palli	108.55	91.34	54.49							
18.		Sunari-upper Harlyan JK 14173	Not started yet	Upper Hartyan	200.15	-	-							

19.		Plassion to Rang (JK 1430)	25.11.2009		368.67	363.02	204.18	Kirmo- Choontra Mata via Rang Bland (RIDF VI) (5 km)	2002-03	68.54	87.68	Plassian, Rang and Bland	Completed	
20.		Rang to Bland (JK 14107)	12.01.2011		111.34	89.15	67.44	Kirmoo to chountra mata via Rang Bland (6-10th km) 43 mt span bridge	2006-07 -	374.35 229.26	374.35 141.00		Completed Completed	
21.		Gandala road RD 2450 (JK 14151)	07.03.2011	Jakher	210.31	180.12	178.67	Udhampur- Jakher	-	-	43.20	Jakher		
22.		Dhar road (Sanote) to Garh Samna banj (JK 1464)	25.11.2009	Grah Samnabanj	717.56	712.95	465.46	Dallan Satyan Garh Samna Banj 35 mt. bridge in Km 8th Babey Sundla to Garh Samnabanj road	- -	- -	109.20 145.31	Samnabanj	Completed	
23.	Doda	Ud\ainpur to Hanch (JK 0460)	06.11.2008	Hanch	307.54	304.72	171.34	Posta Malna km 1st to 6th (RIDF XIII)	2007-08	351.75	327.94	Hanch	Completed	
24.		Chakri to Kalihand (JK0485)	04.11.2008	Kalihand	551.44	547.25	250.25	Udainpur Hanch link road	2001-01	88.15	109.24	Kalihand	Completed	
25.		Bharat road to Bagla (JK04117)	06.06.2011	Bagla	367.16	318.37	168.23	Doda to village Bagla (under ERA)		-	1662.91	Bagla	Ongoing	
26.		Khellani Dranga to Hud Seras	19.07.2011	Saras	698.58	550.95	74.67	The indent submitted by PMGSY Department was deferred. The DFO Batote informed that there is already a PWD road and proposed destination can be linked the distance of which is hardly a Km.						
27.	Reasi	Bijipur to Lower Aghar Billian (JK 1480)	22.10.2008	Aghar Ballian	190.37	168.93	185.86	Link road to Mari Nallah to Aghar Ballain (District)	Before 2006	-	35.09	Aghar Ballian	completed	
28.		Buttan to Kanjili (JK 1453)	22.10.2008	Kanjali	374.13	369.13	360.13	Dehra Baba to Bamyal via Kanjili	Before 2006	-	115.42	Kanjili	Ongoing	

29.	Anantnag	Seer to Cheeki Hassanabad (JK 0115)	25.08.2007	Checki Hassan abad	150.23	149.40	91.88	Strengthening/ upgradaton of Seer Chake Hassanabad (RIDF IX)	2003-04	96.97	82.58	Checki Hassanabad	Completed	
30.		Seer to Checki Hassanaba d (JK01-201)		Checki Hassan abad	48.34	44.01	Nil							
31.		Sibgam to Palpore (JK 0199)	07.03.2011	Palpora	175.51	136.65	116.33	Nowgam Salia Manzgam, Hassanoor,Siligam Saliai via Palpora road	2007-08	343.45	312.19	Palpora	Ongoing	
32.		Ainoo to Brai (JK01 -127)	16.04.2011	Brai	282.49	207.26	151.10	Up gradation of Aishmuqam Ainoo Brai road	Prior to March 2010	44.94	48.36	Ainoo, Brai and Ziarat Sharief	completed	
33.		Mattan to Shamisipora (JK01-134)	20.03.2011	Shamsipora	68.48	56.97	55.88	Betangoo Shamsipora Jablipora road	2003-04	161.65	165.11	Shamsipora	Completed	
		Mattan to Shamsipora (JK01-23	25.8.2007	125.89	-	4.67	-	Up gradation Anchidora-Anzwalla Shamsipora road	-	125.38	70.31	Shamsipora	Ongoing	
34.		Ashmuqam to Ziarat Sharief (JK 0195)	24.07.2008	Ziarat Sharief	106.56	101.57	101.85	Up gradation of Ashmuqam Ainoo Brai road	Prior to March 2010	44.94	48.36	Ainoo, Brai and Ziarat Sharief	completed	
		Ashmuqam m to Ziarat Sharief (JK01-165)	20.08.2008	Ziarat Sharief	118.66	107.42	112.23							
35.	Pulwama	Kawni Bandina (Phase-V) (JK-1026) (I&II)	13.08.2007	Bandina	89.51	73.59	65.32	Construction/ upgradation of Ladermad Kawani road via Bendina (NABARD XII) [2.55 Km]	2006-07	65.93	65.93	Bandina and Kawani		

36		Ladhoo to Batpore (Phase-IV) (JK-1021)	22.06.2007	Batpora	27.87	-	23.02	Upgradation of Koil- Renzipora via Wakherwan road including Batapora Beighpora upto Jhelum	2006-07	286.42	264.37	Batpora	Ongoing	
		Ladoo-Batpora (JK 1057) (Phase-VI (II)	02.08.2008		24.49	24.29	24.35							
37.		Kakapora Pinglina road Gandipora (Phase VI) (JK-1034) (I)	23.07.2008	Pinglina Gandipora	38.20	35.31	34.62	Upgradation of Tengporas-Pinglena-Gudoora road and Pinglena-Ratnipora Puchal road	2006-07	539.81	541.81	Pinglena and Gundipora	Completed	
		Kakapora Pinglina road (Phase-VII) (JK 10-100)	03.12.2010		36.21	30.51	28.61	Takia Wgam Pirchoo link road	2006-07	107.66	111.16		Completed	
38.	Baramulla	Namblan to Guriwan (JK-0361) (Stage-I)	15.10.2008	Guriwan	108.36	105.03	101.40	Zandfaran to Gurivan (RIDF-XI) (length-8 Km)	2006-07	243.52	194.32	Gurivan	Ongoing	
		Nambla to Guriwan (JK 03100) (Stage-II)	28.12.2010	Guriwan	94.35	188.97	184.25							
39.		General road to Kaliban (JK 0326) (Stage I & II)	06.03.2010	Kaliban	72.50	53.44	46.53	Heewan to Latifabad (RIDF-XI) (Length -7.00 Km)	2006-07	221.01	221.01	Latifabad, Kaliban	Almost completed	
40.		Suchipore to Fresthar (JK 0362) (Stage-I)	25.10.2008	Fresthar	115.81	111.59	101.49	Vizer, Thindum-Kriri up to Tilgam via Fresthar including Kriri Watergam via Khisipora	2006-07	551.23	450.83	Fresthar	Completed	
		Suchipore to Fresthar (JK 0389) Stage-II)	29.05.2011	Fresthar	133.02	125.99	117.78	34 mt. High level vented type causeway at village Fresthar	2008-09	35.95	35.95			

41.		Dangerpora to Lorridora (JK 0325) (Stage I &II)	19.09.2007	Lorridora	51.35	46.58	36.54	Upgradation of Shreei Heewan Malpora Lorridora (RIDF-VII) (Length -10.50 Km)	2001-02	171.01	160.12	Lorridora	Completed	
								Upgradation of Lorridora to Nowgam (RIDF XIV) (Length- 3 Km)	2008-09	81.78	62.25	Lorridora	Ongoing	
	Total				**12629.52**	**10331.97**	**6742.31**			**6285.67**	**8315.14**			

Appendix-2.8

(Refer paragraph: 2.3.12.2; Page: 60)

Statement showing details of road projects which had been foreclosed by the Department

(₹ in crore)

Name of the Road project	Sanctioned cost	Allotted cost	Date of Allotment of contract	Expenditure incurred	Reasons for foreclosure of the contract	Date of foreclosure of the contract
Balnoi to Ghani	2.92	2.91	08 March 2007	1.43	Forest clearance, non-payment of land compensation, delayed handing over of Km. Ist by R&B Department	January 2012
Marog to Adwa	10.24	10.14	29 January 2008	6.56	Non-payment of land compensation, alignment dispute, non-felling of trees and delay in shifting of water pipes.	June 2011
Hunga to Hoachack	1.54	1.41	22 June 2007	0.70	Dispute on take-off point	February 2012
Gujed to Chirdi	5.79	5.72	08 December 2007	4.39	Forest clearance, land compensation, dispute over grave yard, Social Forestry clearance	May 2012
T-Morh to Ther	5.01	4.55	08 December 2007	2.94	Non-availability of take-off point, forest clearance, land acquisition etc.	Recommended by PIU for termination
Vailoo to Halpora	2.58	2.07	26 September 2007	1.08	Land dispute and forest clearance	07 June 2012
Nagulta to Rezar	3.35	3.31	17 September 2007	1.44	Non- availability of take-off point	15 June 2012
Kud to Mada	4.01	3.95	17 September 2007	3.37	Forest clearance, dispute on take-off point, non construction of bridge on Km.9th	The contractor refused to execute further works on allotted rates.
Soaf to Gadvil	8.32	7.44	19 September 2007	3.79	Non-acquisition of land, structures and forest clearance	02 March 2010 and re-allotted on 26 March 2011 but not completed due to non acquisition of land
Bhagran to Rote	4.63	4.58	08 December 2007	4.60	Non-construction of bridge at Km.5th and due to bad condition of road at Km. first	02 February 2010 and re-allotted on 04-June 2011 but not completed due to non-acquisition of land
Berru to Dugli	2.88	2.83	24 August 2007	1.64	Land dispute and forest clearance	21 January 2010 and re-allotted on 28 July 2010 but not completed due to non-acquisition of land.
Rajdhani to Panjgrain	4.82	4.57	17 September 2007	3.12	Land dispute	07 July 2010 and re-allotted on 17August 2011 but not completed due to non-acquisition of land
Total (12)	**56.09**	**53.48**		**35.06**		

Appendix-2.9

(Refer Paragraph: 2.4.7.2; Page: 68)

Statement showing details of diversion from centrally sponsored projects and plan schemes during 2008-09 to 2012-13

S. No	Particulars of the scheme	Amount diverted (₹ in lakh)	Diversion for	Reasons for diversion attributed by the Department
1.	Three projects 'Development of Gurez and Tulail, Bungus valley and Ladakh region projects' under CFA.	89.60	Purchase of furniture/ fixture and organizing golf event	It was stated that furniture/fixture was required and purchased to make these newly created infrastructure functional. Reply was not tenable as there was no provision for purchase of furniture/ fixture in the plan schemes and CSS projects. The funds for these purchases ought to have been demanded separately under plan head.
2.	Project on Construction of Convention centre Leh	53.99	Construction of children park at Leh	During the year 2012-13 the funds could not be utilized in full due to late release. It was stated that the diverted funds would be credited to the project after receiving the funds for these schemes for which the funds were diverted.
3.	11 Approved schemes under Plan head (Director Tourism)	113.31	Purchase of furniture/ fixture, POL etc	-do-
4.	Maintenance and Repair funds (meant for repair/ renovation of existing assets)	253.79	For wages, repairs of vehicles, stock items etc	It was stated that wages were paid out of Maintenance & Works funds to keep watch and ward of the existing infrastructure. The reply was not convincing as Maintenance & Works funds are meant for annual repairs and maintenance of the infrastructure. The Department had not made a provision under wages head for payment of wages.
5.	19 Approved plan schemes (Mansbal Development Authority)	85.12	To other plan schemes.	Authority stated that diversion had been approved by the Competent authority. However same had not been approved by Board of Governors as revealed from the records.
6.	Development of tourist facilities in and around Leh	71.15	Repair/ renovation of TRC and Dak Bungalow, procurement of stock etc	While admitting diversion, it was stated that the funds would be recouped and work would be taken up for execution.
Total		**666.96**		

Appendix-2.10
(Refer Paragraph: 2.5.5; Page: 96)
Statement showing Year-wise details of Courses offered by the University with intake capacity

S. No.	Name of the Courses Offered	2008	2009	2010	2011	2012
Main Campus Hazratbal		**Intake**	**Intake**	**Intake**	**Intake**	**Intake**
1	Arabic (M.A)	85	85	85	85	85
2	PG Diploma in Modern Spoken Arabic	0	0	25	25	25
3	Certificate Course in Modern Spoken Arabic	0	0	0	25	25
4	English MA	65	72	72	72	72
5	PGD in Spoken English	0	0	0	0	0
6	Diploma in French & German Languages	20	33	33	33	33
7	Certificate course in French, German and Russian Languages	30	33	33	33	33
8	Hindi MA	78	78	78	78	78
9	PG Diploma in Hindi	15	15	15	15	15
10	Certificate Course in spoken Hindi (Part-time)	15	15	15	15	15
11	Kashmiri MA	65	72	72	72	72
12	Diploma in Kashmiri	65	65	65	65	65
13	Library & Information Science MA	28	41	41	41	41
14	Linguistics MA	40	52	52	52	52
15	Persian MA	65	72	72	72	72
16	PG Diploma in Persian	26	26	26	26	26
17	Certificate course in Modern Spoken Persian	26	26	26	26	26
18	PG Diploma in Transiation (Persian)	0	0	20	20	20
19	Sanskrit MA	26	26	26	26	26
20	PG Diploma in Sanskrit	20	20	20	20	20
21	Certificate course (Part-time)	15	15	15	15	15
22	Urdu MA	85	85	85	85	85
23	PG Diploma in Mass Media (Urdu)	0	15	15	15	15
24	Commerce (M.Com)	85	85	85	85	85
25	MFC	39	39	39	39	39
26	Management Studies (MBA)	39	59	59	59	59
27	MBA Integrated	0	0	50	50	50
28	MTHM	0	0	0	0	0
29	Education (M.A)	85	130	130	130	78

30	M.Ed.	42	52	52	52	52
31	M.Ed. Evening (SFP)	0	0	0	100	100
32	B.Ed	120	180	180	240	200
33	PG Diploma in Adulat & Non-Formal Education and Population Education (SFP)	20	20	20	20	0
34	Physical Education (M.PEd)	0	0	15	15	25
35	B.A. LLB (5 Year)	65	65	65	75	75
36	LLB	130	150	150	165	165
37	LLM	14	14	14	14	14
38	LLB II Shift	0	0	0	0	55
39	PG Diploma in Human Rights and Duties Education	24	24	24	24	0
40	M. Sc. Botany	43	52	52	52	52
41	M.Sc. Bioresource	15	20	20	20	20
42	M.Sc. Bio-Chemistry	23	33	33	33	33
43	M.Sc. Clinical Biochemistry	20	20	33	33	33
44	M.Sc. Bio-Technology	13	14	14	14	14
45	M.Sc. Chemistry	52	59	59	59	59
46	Diploma in Professional Laboratory in Chemistry (PLCC) (SFP)	25	0	0	0	0
47	PG Diploma in Laboratory Services in Science (PGLSS)	0	25	0	0	0
48	M.Sc. Environmental Sciences	13	24	24	25	25
49	Geology & Geo-Physics (M.Sc. Applied Geology)	20	26	26	26	26
50	M.Sc. Geo-Informatics	0	0	10	10	10
51	PG Diploma in Remoe Sensing & GIS	18	18	20	20	18
52	M.Sc. HS Food and Nutrition	13	20	20	20	20
53	Dietetics & Clinical Nutrition	8	13	13	13	13
54	M.Sc. Home Science Extension Communication	13	20	20	20	20
55	M.Sc. Human Development	8	13	13	13	13
56	M.Sc. Mathematics	61	65	65	65	65
57	Pharmaceutical Sciences (B.Pharm)	33	39	39	39	33
58	M.Pharm	0	10	14	14	13
59	M.Sc. Physics	53	58	58	58	58
60	M. Sc. Statics	47	65	65	65	65
61	M.Sc. Zoology	42	54	54	52	52

62	Food Science and Technology (M.Sc. FT)	0	25	25	25	25
63	M.A Economics	85	85	85	85	85
64	M.A Geography and Regional Development	34	39	39	39	39
65	PGD Disaster Management	0	0	0	0	0
66	M.A History	85	85	85	85	85
67	MA History (Evening)	0	0	0	0	0
68	Shah-i-Handam	51	59	59	62	62
	Institute of Islamic Studies	0	0	0	0	0
69	Certificate course in Quranic Studies	26	26	26	26	26
70	Media Research Centre (MERC)	26	39	39	39	39
71	M.A Political Science	85	85	85	85	85
72	M.A Psychology	28	52	52	52	52
73	Sociology and Social Work (MA Sociology)	51	65	65	65	65
74	MA in Social Work	30	40	41	41	41
75	Department of Computer Science (MCA)	39	59	59	59	59
76	PGDCA	13	13	13	25	25
77	Electronics & Instrument Technology	26	39	39	39	39
78	B.Tech (Electronic and Communication Engineering)	0	0	0	0	40
79	Bachlors Degree in Fine Arts (BFA)	0	0	0	0	10
80	BMusic	0	0	0	0	10
81	PG Diploma in Bio-informatics centre	12	12	12	12	12
82	PGDIT USIC	0	15	20	20	20
83	MA Kashmir Studies	0	0	0	0	0
84	M. Sc. IT	0	0	0	0	40
	PG Centre Anantnag					
85	MA English	39	39	39	45	45
86	MA/M.Sc. Mathematics	32	32	32	40	40
87	MBA	0	26	26	35	35
88	MCA	0	39	39	42	42
89	BA LLB	0	39	0	0	0
90	MA Education	0	0	45	60	60
91	M.Ed	0	0	45	60	60
	PG Centre Baramulla					

92	MCA	20	20	0	42	45
93	MA English	0	0	0	0	40
94	B. Tech	0	0	60	60	60
95	MA/M.Sc. Mathematics	32	32	0	0	0
96	MBA Integrated	0	0	0	0	0
	Other PG Centres					
	S.P. College Srinagar					
97	M.Sc. Environmental Science	16	16	16	16	16
98	M.Sc. Chemistry	13	13	13	13	13
	Govt. College for Women MA Road Srinagar	0	0	0	0	0
99	M.Sc. Home Science	10	10	10	10	10
100	M.A English	26	26	26	26	26
101	**A.S. College Srinagar**	0	0	0	0	0
102	M.A/M.Sc. Geography	13	13	13	13	13
	Govt. College of Education MA Road Srinagar	0	0	0	0	0
103	M.Ed	34	34	34	34	34
	Govt. Degree College Bemina	0	0	0	0	0
104	M.Com	20	20	20	20	20
	Govt. College of Physical Education Ganderbal	0	0	0	0	0
105	M.P.Ed	15	15	15	15	15
	Islamia College of Science and Commerce	0	0	0	0	0
106	MBA	20	20	20	39	39
	Govt. Degree College Baramulla	0	0	0	0	0
107	MA/M.Sc. Mathematics	0	0	34	34	34
	Craft Development Institute Srinagar	0	0	0	0	0
108	Master's Programme in Craft Management and Entrepreneurship	0	0	0	0	0
	SSM College of Engineering Baramulla	0	0	0	0	0
109	MCA	30	30	30	50	50
110	MBA	0	0	0	35	50
	Iqbal Institute of Technology and Management	0	0	0	0	0
111	MCA	0	0	0	30	35
112	MBA	0	0	0	0	35

	DOEACCA (NIE&IT)	0	0	0	0	0
113	MCA	0	0	0	30	50
	Kashmir Law College Nowshera Sriangar	0	0	0	0	0
114	LLB	0	0	0	70	70
115	BA LLB	0	0	0	65	65
	Vitasta School of Law and Humanities Nowgam Srinagar	0	0	0	0	0
116	LLB	0	0	0	40	40
117	BA LLB	0	0	0	40	40
	Sopore Law College	0	0	0	0	0
118	LLB	0	0	0	50	50
119	BA LLB	0	0	0	50	50
	KCEF Law College Pulwama	0	0	0	0	0
120	LLB	0	0	0	50	50
121	BA LLB	0	0	0	50	50
Total Intake		**2863**	**3474**	**3687**	**4558**	**4696**
Total Courses Offered		**76**	**83**	**88**	**102**	**107**

(Source: University Annual Prospectus)

Appendix-2.11

(Refer Paragraph: 2.5.7.1; Page: 100)

Statement showing details of Research Activities

S. No.	Name of Department	Number of Research scholars (RS) registered (upto March 2008)	Number of RS submitted thesis within stipulated period	Number of RS who submitted thesis after stipulated period	No. of RS from whom thesis pending as of March 2013	Percentage of RS submitted thesis within stipulated period
1.	Urdu	42	21	01	20	50
2.	Kashmiri	11	10	-	01	91
3.	Linguistics	05	04	-	01	80
4.	MERC	13	-	03	10	0
5.	Environmental Science	25[1]	10	08	04	40
6.	Botany	29	05	20	04	17
7.	History	22	06	04	12	27
8.	Political Science	05	01	-	04	20
9.	Economics	24	11	03	10	46
10.	Islamic Studies	20	08	04	08	40
11.	Central Asian Studies	35	13	01	21	37
12.	Electronics and Instrumentation Technology	10	08	01	01	80
13.	Institute of Home Science	09	03	02	04	33
14.	Pharmaceutical Science	11	04	04	03	36
	Total	**261**	**104**	**51**	**103**	**40**

[1] The Registration of three Research Scholars was cancelled

Appendix-3.1

(Refer Paragraph: 3.4.10; Page: 132)

Statement showing details of incomplete fish farms/ projects

S. No	Name of the project	Estimated cost (₹in crore)	Year of start	Target date of completion	Expenditure (₹in crore)	Remarks/ Status of project
1.	Trout Fish Farm at Bheja Baderwah (Three phases)	2.87	2007-08	2008-09	1.30	2nd and 3rd phases not taken up (May 2013). One hatchery constructed under NFDB funds had not been handed over (May 2013).
2.	Construction of Fish Farm at Sungwal Samba	0.89	2010-11	February 2013	0.39	Against construction of four ponds, chowkidar hut and channel only two ponds had been completed. Further the land measuring 44 *kanals* and four *marlas* not transferred to the Department (March 2013).
3.	Construction of Trout Fish Unit Kirchi Udhampur.	1.38	2006-07	2006-07	0.39	Two American type raceways, one lab and office complex completed and the feeding channel under construction. The remaining works were incomplete (May 2013).
4.	Construction of Seven Trout hatcheries	1.05	2011-12	NA	0.25	Only one hatchery had been constructed and one hatchery was near completion but not handed over to the Department. Five hatcheries had not been taken up for execution (May 2012).
5.	Construction of Guard hut at Fisheries recreational park Gulmarg	0.09	October 2010	January 2011	0.02	The guard hut had been completed up to plinth level. The work stopped by the Department as the permission for construction of Guard hut from Gulmarg Development Authority had not been obtained.