

**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

1984—85

GOVERNMENT OF JAMMU AND KASHMIR

REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA

1911-12

GOVERNMENT OF INDIA

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1984-85 together with other points arising from audit of financial transactions of the Government of Jammu and Kashmir. It also includes certain points of interest arising from the Finance Accounts for 1984-85.

2. Consequent on a fire in the office of the Accountant General, Jammu and Kashmir, Srinagar in March 1977 which destroyed various records including those relating to the accounts for 1976-77, the accounts had to be reconstructed after collecting details from the various Government departments. This, inter alia, necessitated drawing up of correct balances. The work being still in progress, some of the balances shown in the Finance Accounts 1984-85, and in Chapter I of this Report are provisional and are likely to be revised in the subsequent accounts.

3. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during 1984-85 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 1984-85 have also been included wherever considered necessary.

CHAPTER

GENE

1.1 Summarised Financial position

The summarised financial position of the Government of Jammu Accounts for the year 1984-85 is indicated in the statements

Statement No. 1—Financial position of the Government of

Amount as on 31st March 1984	Liabilities	Amount as on 31st March 1985
(Rupees in crores)		(Rupees in crores)
45.79	Internal Debt (Excluding overdraft from Jammu and Kashmir Bank Limited)	57.95
9,02.55	Loans and Advances from Central Government	10,49.61
3,13.12	Pre-1979-80 Loans	3,01.52
38.78	Non-Plan Loans	52.29
5,43.22	Loans for State Plan Schemes	6,75.56
0.73	Loans for Central Plan Schemes	0.81
6.70	Loans for Centrally Sponsored Plan Schemes	19.43
1,18.83	Small Savings, Provident Funds etc.	1,59.33
1,03.69	Deposits	1,12.68
13.60	Overdraft from Jammu and Kashmir Bank Limited	36.07
34.16	Reserve Funds	39.85
0.40	Contingency Fund	0.39
8.18	Remittance Balances	13.16
2,31.84	Surplus on Government Account	1,87.63
	Revenue surplus on 31st March 1984	2,31.84
	Less revenue deficit for 1984-85	(—)44.21
<u>14,59.04</u>		<u>16,56.67</u>

Explanatory

- (i) The financial position is based on the Finance Accounts to the said Accounts.
- (ii) As Government Accounts are on cash basis the surplus on cash basis as opposed to accrual basis of commercial
- (iii) There was a difference of Rs. 0.84 lakh on 31st March and that intimated by the Finance Department. This

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RAL

and Kashmir emerging from the Appropriation Accounts and Finance following :—

Jammu and Kashmir as on 31st March 1985

Amount as on 31st March 1984	Assets	Amount as on 31st March 1985
<i>(Rupees in crores)</i>		<i>(Rupees in crores)</i>
13,37.75	Gross Capital Outlay on Fixed Assets	15,16.69
84.36	Investment in shares of Companies, Corpora- tions etc.	92.72
12,53.39	Other Capital Outlay	14,23.97
67.83	Loans and Advances	74.75
61.87	Development Loans	67.29
5.96	Loans to Government Servants and Misce- llaneous loans	7.46
2.30	Advances	2.42
26.54	Suspense and Miscellaneous Balances	34.01
24.62	Cash	28.80
7.94	Cash in Treasuries, local remittances and cash in banks	8.51
2.39	Departmental cash balances including Permanent Advance	2.98
14.29	Cash Balance Investment	17.31
<u>14,59.04</u>		<u>16,56.67</u>

Notes

of the State Government and is subject to notes and explanations on Government Account shown in the Statement indicates the position accounting.
1985 between the figure reflected in the accounts under 'Cash in Banks' is under reconciliation.

Statement No. II—Abstract of Receipts and

Receipts

Section A—

(In crores of rupees)

I—Revenue Receipts		4,41. 67
(i) Tax Revenue	77.10	
(ii) Non-tax Revenue	79.56	
(iii) State's Share of Union taxes—		
(a) Share of net proceeds of Taxes on Income other than Corpo- ration tax	6.68 }	
(b) Union Excise Duties	40.54 }	47.26
(c) Estate duty	0.04 }	
(iv) Non-Plan grants	1,26.05	
(v) Grants for State Plan Schemes	76.77	
(iv) Grants for Central and Centrally Sponsored Schemes	34.93	
II—Revenue Deficit		44.21
		<hr/> 4,85.88 <hr/>

Section B—

**III—Opening Cash Balance including
Permanent Advance and Cash
Balance Investment**

24.62

Disbursements for the year 1984-85

Disbursements

Revenue

I—Revenue Expenditure	Non-Plan	Plan	Total
Sector	<i>(In crores of rupees)</i>		
(i) General Services	1,45.64	2.37	1,48.01
(ii) Social and Community Services	1,37.10	13.68	1,50.78
(iii) General Economic Services	12.86	2.96	15.82
(iv) Agriculture and Allied Services	55.41	27.04	82.45
(v) Industry and Minerals	9.81	7.64	17.45
(vi) Water and Power Development	52.84	1.97	54.81
(vii) Transport and Communications	15.96	0.45	16.41
(viii) Grants-in-aid and contributions	0.15	...	0.15
	<u>4,29.77</u>	<u>56.11</u>	<u>4,85.88</u>

Others

III— Opening overdraft from Jammu
and Kashmir Bank Limited

13.60

Abstract of Receipts and Disbursements for

Receipts

(In crores of rupees)

IV— Recoveries of Loans and Advances	2.82
(i) From Government Servants	1.95
(ii) From Others	0.87
V— Public Debt Receipts	2,16.98
(i) Internal Debt (excluding overdraft from Jammu and Kashmir Bank Limited)	12.95
(ii) Loans and Advances from Central Government	2,04.03
VI— Public Account Receipts	15,25.05
(i) Small Savings and Provident Funds	55.57
(ii) Reserve Funds	5.70
(iii) Suspense and Miscellaneous	29.46
(iv) Remittances	13,54.57
(v) Deposits and Advances	79.75
VII—Closing overdraft from Jammu and Kashmir Bank Limited	36.07

18,05.54

the year 1984-85—concl'd.

(In crores of rupees)

Disbursements

IV—Capital Outlay Sector 1,78.95

(i) General Services	6.23
(ii) Social and Community Services	56.58
(iii) General Economic Services	11.44
(iv) Agriculture and Allied Services	18.09
(v) Industry and Minerals	6.72
(vi) Water and Power Development	50.44
(vii) Transport and Communications	29.45

V—Loans and Advances Disbursed 9.74

(i) To Government Servants	3.45
(ii) To Others	6.29

VI—Revenue Deficit Brought Down 44.21

VII—Repayment of Public Debts 57.76

(i) Internal Debt (excluding overdraft from Jammu and Kashmir Bank Limited)	0.79
(ii) Repayment of Loans and Advances to Central Government	56.97

VIII—Public Account Disbursements 14,72.48

(i) Small Savings and Provident Funds	15.07
(ii) Suspense and Miscellaneous	36.94
(iii) Remittances	13,49.59
(iv) Deposits and Advances	70.88

IX—Cash Balance at end 28.80

(i) Cash in Treasuries, local remittances and cash in Banks	8.51
(ii) Departmental cash balances including Permanent Advance	2.98
(iii) Cash Balance Investment	17.31

18,05.54

**Statement No. III— Sources and Application of Funds for the year
1984-85**

*(In crores of
rupees)*

I—Sources :

1. Revenue Receipts	4,41.67
2. Increase in Public Debt (excluding overdraft mentioned in item 3), Small Savings and Provident Funds	1,99.72
3. Increase in overdraft from the Jammu and Kashmir Bank Limited	22.47
Adjustments	(+) 12.07
(i) Deduct—decrease in suspense balances	(—) 7.47
(ii) Add increase in Reserve Funds	(+) 5.69
(iii) Add increase in Deposits and Advances	(+) 8.87
(iv) Add increase on Remittance balances	(+) 4.98
Net funds available	6,75.93

II—Application

Revenue expenditure	4,85.88
Capital outlay	1,78.95
Lending for development and other programmes	6.92
Increase in cash balance including departmental cash balance and cash investments	4.18
	6,75.93

1.2 Audit comments

(i) The Jammu and Kashmir Government obtained temporary loans from the Jammu and Kashmir Bank Limited for its ways and means requirements. The maximum limit up to which such loans could be obtained at any time during 1984-85 as approved by the Government of India was Rs. 10 crores. The State Government obtained temporary loans from the bank on 104 days during the year. The maximum temporary loan was Rs. 17.46 crores on 28th December 1984. The total temporary loans during the year amounted to Rs. 1,26.84 crores. A balance of Rs. 13.60 crores was also outstanding on 1st April 1984. Government repaid Rs. 1,94.37 crores during the year leaving a balance of Rs. 36.07 crores on 31st March 1985.

According to the agreement executed by the State Government with the Jammu and Kashmir Bank Limited interest at 18 per cent was charged on the temporary loans. During 1984-85 interest paid was Rs. 30.28 lakhs.

(ii) The net additional public debt (as adjusted by the effect of suspense, remittance, reserve fund and deposit balances) and other receipts of Government during 1984-85 amounted to Rs. 2,34.26 crores. This after meeting the capital expenditure (Rs. 1,78.95 crores), additional loans and advances disbursed for development and other purposes (Rs. 6.92 crores) and revenue deficit (Rs. 44.21 crores) resulted in marginal increase in cash balance by Rs. 4.18 crores.

(iii) Collection of Sales tax and State excise during 1984-85 showed an increase of Rs. 5.46 crores whereas in forest receipts there was reduction of Rs. 5.07 crores in revenue as compared to receipts of the previous year.

(iv) The arrears in the collection of revenue, according to the information furnished partly by some of the departments at the end of the year 1984-85, were Rs. 1,32.13* crores mainly on account of forest royalty (Rs. 35.17 crores), State excise (Rs. 21.54 crores), toll tax (Rs. 16.44 crores) and land revenue (Rs. 58.98 crores).

*Does not include arrears in respect of water tax, rent of buildings (Estates Department), electricity receipts and sales tax (Including Goods and Passenger tax).

(v) The total amount of loans advanced and outstanding as on 31st March 1985 was Rs. 74.75 crores. The amount of the outstanding loans for which detailed accounts are kept by departmental officers was Rs. 60.02 crores. Out of the balance amount for which detailed accounts are maintained by the Accountant General, recovery of Rs. 8.88 crores (Principal: Rs. 6.93 crores; interest: Rs. 1.95 crores) was in arrears. The departmental officers who maintain the detailed accounts of loans are required to intimate to the Accountant General by 15th July each year the amounts of principal and interest in arrears. Such information due by 15th July 1985 had, however, not been received (January 1987).

(vi) The interest paid on debt and other obligations was Rs. 60.98 crores. The interest received was Rs. 17.07 crores including that from departmental commercial undertakings and others. The net interest burden was thus Rs. 43.91 crores. The interest charges paid on 'Small Savings, Provident Funds, etc.' was Rs. 5.25 crores while the net accretion to the balance during the year was Rs. 40.50 crores.

(vii) The assistance received from the Central Government in the form of grants-in-aid for Central and Centrally Sponsored Plan Schemes was Rs. 34.93 crores against Rs. 22.84 crores during 1983-84.

(viii) Against the Plan provision of Rs. 2,78.94 crores (Revenue: Rs. 1,09.08 crores, Capital: Rs. 1,66.74 crores and Loans and Advances: Rs. 3.12 crores), the actual expenditure on Plan schemes was Rs. 2,34.48 crores (Revenue: Rs. 56.11 crores, Capital: Rs. 1,72.10 crores and Loans and Advances: Rs. 6.27 crores) resulting in an overall shortfall of Rs. 44.46 crores.

The non-Plan revenue expenditure (Rs. 4,29.77 crores) exceeded the budget estimates (Rs. 4,00.22 crores) by Rs. 29.55 crores (7.4 per cent). Income from tax and non-tax revenue (Rs. 1,63.38 crores) was not adequate even to finance the total non-Plan revenue expenditure.

There was an increase of Rs. 65.49 crores in the non-Plan revenue expenditure during 1984-85 over 1983-84.

(ix) The total debt liability of the Government at the close of 1984-85 was Rs. 14,55.51 crores (including loans and advances of Rs. 10,49.61 crores from the Government of India). An amount

of Rs. 41.49 crores (Principal: Rs. 13.00 crores and interest: Rs. 28.49 crores) was overdue on loans from Central Government at the end of 1984-85.

(x) With fresh investment of Rs. 8.36 crores during the year in the various Corporations/Companies/Co-operative institutions, the total investment of the Government in shares on 31st March 1985 was Rs. 92.72 crores. Dividend/interest of Rs. 0.04 crore on the investment was received and credited to the Government account during the year.

The accumulated loss of two Companies, in which Government's investment was Rs. 1,96.40 lakhs as on 31st March 1985, was Rs. 2,46.67 lakhs.

(xi) The contingent liability for guarantees given by the State Government for repayment of loans etc. by statutory corporations and other institutions etc. as on 31st March 1985 was, to the extent information could be received, Rs. 1,82.87 crores against the maximum guaranteed amount of Rs. 1,92.75 crores.

No limit under Article 293 of the Constitution has been fixed by the State Legislature within which Government may give guarantees on the security of the Consolidated Fund of the State.

CHAPTER—II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. General

2.1.01. The summarised position of actual expenditure during 1984-85 against Grants/Appropriations is as follows :

	Original Grant/ Appropriation	Supple- mentary	Total	Actual expen- diture	Variation Saving (—)/ Excess (+)
	(1)	(2)	(3)	(4)	(5)
<i>(Rupees in crores)</i>					
I. Revenue					
Voted	4,78.39	50.14	5,28.53	4,75.14	(—) 53.39
Charged	65.29	3.41	68.70	61.83	(—) 6.87
II. Capital					
Voted	2,59.20	10.95	2,70.15	2,46.14	(—) 24.01
III. Public Debt					
Charged	1,10.19	4.73	1,14.92	1,62.13	(+) 47.21
IV. Loans and Advances					
Voted	4.60	5.92	10.52	9.74	(—) 0.78
	<u>9,17.67</u>	<u>75.15</u>	<u>9,92.82</u>	<u>9,54.98</u>	<u>(—) 37.84</u>

2.2. The following results emerge broadly from the Appropriation Audit.

2.2.01. Supplementary provision obtained during the year constituted 8.2 per cent of the original budget provision. Besides, Rs. 21.46 crores obtained on account of supplementary provision in 13 cases during March 1985 proved unnecessary.

In 13 more cases, additional fund required was only Rs. 21.43 crores against the supplementary grant of Rs. 37.46 crores, saving in each case exceeding Rs. 10 lakhs.

In 6 cases, supplementary provision of Rs. 15.14 crores proved insufficient by more than Rs. 10 lakhs each, leaving an aggregate uncovered excess expenditure of Rs. 62.34 crores.

. 2.2.02. The overall saving was Rs. 1,03.26 crores in 22 Grants/Appropriations. The overall excess (vide Appendix 2.1) on the other hand, was Rs. 65.42 crores in 10 Grants/Appropriations requiring regularisation under Section 82 of the Constitution of Jammu and Kashmir.

2.2.03. In the following Grants/Appropriations, the expenditure fell short by more than Rs. 1 crore each and also by more than 10 per cent of the total provision.

Description of the Grant/Appropriation	Amount of savings (Rupees in crores) (Percentage of provision)	Reasons for savings
(1) 6—Power Development Department Capital (Voted)	4.91 (11.3)	Reasons for savings are awaited (February 1987) in all these cases.
(2) 8—Finance Department Revenue (Voted)	8.77 (33.6)	
Revenue (Charged)	6.93 (10.2)	
(3) 11—Industries and Commerce Department Capital (Voted)	4.52 (37.08)	
(4) 12—Community Development and Agriculture Department Revenue (Voted)	7.16 (13.6)	
(5) 13—Animal Husbandry Department Revenue (Voted)	1.52 (10.2)	

Description of the Grant/Appropriation	Amount of savings ¹ (Rupees in crores) (Percentage of provision)	Reasons for savings
(6) 15—Food, Supplies and Transport Department Revenue (Voted)	10.44 (80.93)	Reasons for savings are awaited (February 1987) in all these cases.
Capital (Voted)	17.73 (21.3)	
(7) 16—Public Works Department Revenue (Voted)	17.18 (25.6)	
(8) 20—Tourism Department Revenue (Voted)	1.29 (18.5)	
(9) 22—Irrigation and Flood Control Department Revenue (Voted)	3.63 (18.5)	

2.2.04. Persistent savings exceeding 10 per cent of the provision were noticed in the following grants :

Grant or Appropriation	Percentage of savings		
	1982-83	1983-84	1984-85
3—Planning Department Revenue (Voted)	28	54	29
Capital (Voted)	45	36	20
7—Education Capital (Voted)	83	100	100
9—Organisation and Methods and Parliamentary Affairs Department Revenue (Charged)	23	24	21
12—Community Development and Agriculture Department Revenue (Voted)	19	24	14
15—Food, Supplies and Transport Department Revenue (Voted)	73	73	81
16—Public Works Department Revenue (Voted)	21	24	26

2.2.05. In the following Grants/Appropriations, the expenditure exceeded the approved provision by more than Rs. 25 lakhs each and also by more than 10 *per cent* of the total provision.

Description of Grant	Amount of excess in crores of rupees (Percentage of excess)	Reasons for excess
(1) 16—Public Works Department		Reasons for excess are awaited (February 1987) in all these cases.
Capital (Voted)	3.87 (11.9)	
(2) 18—Social Welfare Department		
Revenue (Voted)	0.62 (11.6)	
(3) 19—Housing and Urban Development Department		
Capital (Voted)	0.90 (12.4)	
(4) 23—Public Health Engineering Department		
Revenue (Voted)	6.15 (23.5)	

2.2.06 Persistent excesses of more than 10 *per cent* of the provision were noticed in the following cases :

Description of the Grant	Percentage of excesses		
	1982-83	1983-84	1984-85
8—Finance Department			
Capital (Voted)	109	137	250
Capital (Charged)	84	133	41
19—Housing and Urban Development Department			
Capital (Voted)	25	20	13
23—Public Health Engineering Department			
Revenue (Voted)	96	127	23

2.2.07. Trend of recoveries and credits

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; anticipated recoveries and credits are shown separately in the budget estimates. During the year 1984-85 such recoveries were anticipated at Rs. 1,65.99 crores (Revenue: 72.24 crores and Capital: Rs. 93.75 crores). However, the actual recoveries during the year were Rs. 1,18.28 crores (Revenue: Rs. 51.09 crores and Capital: Rs. 67.19 crores). Significant cases of excess/shortfall in recoveries are detailed below; the reasons for variation are awaited (February 1987).

Number and Name of the Grant	Budget estimates	Actuals	Amount of excess (+)/ shortfall(—) as compared to estimates
<i>(In crores of rupees)</i>			
Revenue			
1. 6—Power Development Department	30.24	6.24	(—) 24.00
2. 16—Public Works Department	24.09	22.28	(—) 1.81
3. 22—Irrigation and Flood Control Department	5.87	2.95	(—) 2.92
4. 23—Public Health Engineering Department	8.50	16.44	(+) 7.94
Capital			
1. 6—Power Development Department	8.00	5.79	(—) 2.21
2. 12—Community Development and Agriculture Department	7.55	5.07	(—) 2.48
3. 15—Food, Supplies and Transport Department	78.07	54.00	(—) 24.07

2.2.08. Reconciliation of departmental figures with those of Accountant General

To enable departmental officers to exercise proper control over expenditure there are standing instructions of the Government that expenditure recorded in their books should be reconciled by them with that recorded in the books of the Accountant General. The Controlling Officers are to effect the reconciliation and send reconciliation certificates to the Accountant General.

It has, however, been noticed that the reconciliation for 1984-85 was not done by 204 Controlling Officers out of 213 Controlling Officers despite repeated requests to the Government (Finance Department).

2.2.09. Contingency Fund

An amount of Rs. 1.60 lakhs (out of the provision of Rs. 40 lakhs) was drawn from the contingency fund of the State during the year 1984-85.

Recoupment for Rs. 0.60 lakh only was made during the year leaving Rs. 1 lakh unrecouped at the end of March 1985.

2.2.10. Explanation for savings/excesses

The Public Accounts Committee had repeatedly stressed the need for prompt submission to the Accountant General by Heads of Department, of explanations for variations for inclusion in the Appropriation Accounts and Report of the Comptroller and Auditor General of India. In regard to Appropriation Accounts for 1984-85 the explanations were required to be furnished in respect of 1127 heads in which excesses/savings had occurred. Explanations for variations were, however, awaited (February 1987) in all the cases. Such delays in submission of material for Appropriation Accounts results in Audit Report remaining incomplete in certain essential respects.

2.2.11. Excess over provision relating to previous years requiring regularisation

Under Section 82 of the Constitution of Jammu and Kashmir expenditure in excess of Grants/Appropriations voted by the Legislature is required to be regularised. Such excesses relating to the years 1980-81 to 1983-84, as detailed below, are yet to be regularised :

Year	No. of Grants/Appropriations	Amount of excess
		(In crores of rupees)
1980-81	16	2,27.90
1981-82	13	41.99
1982-83	10	1,19.74
1983-84	12	1,76.75

2.2.12. Reserve with Finance Department/Lumpsum provision

Amounts of Rs. 11.70 crores and Rs. 0.07 crore were kept as 'Reserve with Finance Department' and 'Reserve with General Department' respectively which remained unutilised during the year resulting in the saving of the entire amount. Reasons for non-allocation/non-utilisation of the amount during the year 1984-85 are awaited (February 1987).

CHAPTER—III

CIVIL DEPARTMENTS

Agriculture Production Department

3.1. National Project for Biogas Development Programme and Community Biogas Plants/Institutional Biogas Plants

A—National Project on Biogas Development

3.1.1. Introduction

A National Project for biogas development was implemented as a Centrally sponsored scheme during the Sixth Plan period (1980-85) with the following main objectives :

- (i) to provide energy in a clean unpolluting form ;
- (ii) to make available enriched fertilizer as by-product for supplementing and optimising the use of chemical fertilizers ;
- (iii) to reduce pressure on the dwindling fuelwood supplies entailing check on indiscriminate felling of trees and consequential deforestation ;
- (iv) to assist rural women through elimination of smoke filled cooking methods and reduce drudgery, eye diseases ; and
- (v) to bring improvement in rural sanitation.

The programme was under implementation since 1981-82 through the State Governments and the Khadi and Village Industries Commission. The area of operation of the programme was spread throughout the country with focus on selected districts for intensive biogas development. In the State the scheme was started in July 1982 and Agriculture Department was nominated as the nodal department for the purposes of implementation and monitoring of the scheme. Though only one district (Jammu) was included in the original national list, the State Government had undertaken the scheme in twelve out of fourteen districts (leaving out the districts of Leh and Kargil) since the date of inception.

3.1.2. Components of the project

The main components of the project were as follows :—

(i) As a promotional incentive, Central subsidy to beneficiaries for setting up biogas plants ;

(ii) core organisational support to State Government and service charges for turn-key jobs to corporate bodies where they were involved in the execution of the programme ;

(iii) organisation of training at different levels for village masons, extension staff, functionaries of banks etc. and organisation of demonstrations ; and

(iv) incentive to village functionaries.

3.1.3. Targets and Achievements

Financial

Against an allocation of Rs. 26.32 lakhs during 1982-83 to 1984-85 an expenditure of Rs. 20.26 lakhs was incurred as under :—

Year	Allocation	Expenditure	Percentage
(Rupees in lakhs)			
1982-83	6.81	2.58	37.9
1983-84	5.27	5.09	96.6
1984-85	14.24	12.59	88.4
Total	26.32	20.26	76.9

Physical

The targets for setting up of biogas plants during the three years 1982-83 to 1984-85, as fixed by Government of India, were of the order of 200, 100 and 200 respectively, whereas the district-wise targets fixed by State Government was 200, 350 and 325 respectively as per details given in Appendix 3.1.

From the above tables it would be seen that the programme had been implemented without identification of potential areas/districts. As a result no plant could be set up in nine, two and one district

during 1982-83, 1983-84 and 1984-85 respectively. During 1982-83 only ten plants were set up in three districts (Srinagar, Jammu and Rajouri) against the target of fiftyfive while in 1983-84 only ten plants had been set up in the four districts of Kashmir division against the target of seventy.

The shortfall in achievements was attributed by the Department mainly to lack of publicity motivation, want of funds, non-flow of bank loans to the desired extent and non-availability of technical staff.

3.1.4. Funds released by Government of India

The amounts released by Government of India and received by the State Government during 1982-83 to 1984-85 (ending February 1985) were as under :—

Year	Central assistance released	Assistance received by State Government
(Rupees in lakhs)		
1982-83	1.26	1.07
1983-84	3.88	1.54 (Excluding Rs. 0.75 lakh received in January 1984 for demonstration of improved chullas)
1984-85	4.00	3.22
Total	9.14	5.83

The variations in the two sets of figures were yet to be reconciled (June 1985).

No record of grants released to various implementing agencies during the years 1982-83 to 1984-85 was maintained either by the nodal department (Agriculture Department) or by the two Directorates of Agriculture (Jammu and Kashmir).

Certificates of utilisation of grants were not furnished to Government of India due to non-reconciliation of figures.

The consolidated statements of expenditure for 1982-83 to 1984-85 indicating funds released by Government of India year-wise for various

components of the project and the actual expenditure incurred against each were not furnished to Government of India owing to non-maintenance of records/reconciliation of figures.

3.1.5. Pattern of assistance

The pattern of Central assistance for different components of the project was as follows :—

(i) Fixed amount of subsidy for different sizes of biogas plants to be paid by the Central Government.

(ii) Cent *per cent* grant-in-aid to State Governments for organisational support, training at different levels including stipend to non-officials and village masons and for setting up demonstration plants.

(iii) Support to corporate bodies/recognised registered societies at the rate of Rs. 200 (Rs. 300 from 1984-85) per unit of biogas plant set up on turn-key basis with guarantee for one year (two years from 1984-85).

(iv) In respect of additional districts (other than 100 intensive biogas districts) covered in the programme, service charges were payable to the State Government at 2.5 *per cent* of the cost of construction of biogas plants in lieu of staff support for the districts.

(v) In addition to Central assistance, subsidy at the rate of 25 *per cent* of the cost of biogas plant was admissible to beneficiaries from the State Government. The project also provided for loan assistance to manufacturers and users of biogas plants by commercial banks and financial institutions.

3.1.6. Implementation of the project

Records relating to the project were examined two Directorates of Agriculture, Jammu and Srinagar and two districts each of Jammu and Kashmir divisions and the points noticed are contained in the succeeding paragraphs.

3.1.6.1. Staff support

It was observed that the programme had been started for implementation in all the districts of Jammu and Kashmir divisions except Leh and Kargil districts from 1982-83 without identification of potential areas/districts and the State Government had engaged staff

for all the twelve districts. The creation of posts was not in accordance with the pattern laid down by the Government of India nor was their approval obtained.

Information regarding the biogas plants which were eligible for the payment of service charges by Government of India at the rate of 2.5 per cent in lieu of staff support was not available.

3.1.6.2. Training

For successful implementation of the programme, various types of training courses were to be organised as discussed below :—

(a) Construction-cum-maintenance training course

This course was meant for imparting practical training to village masons and technicians in the construction and maintenance of biogas plants. Funds at the rate of Rs. 0.18 lakh for the organisation of each such course (the number of participants being 20), were paid by the Government of India. Targets and achievements in respect of this training programme were as under :—

Year	Targets	Achievements	Percentage	Number of persons trained

(Number of courses)				
1982-83	3	2	66.7	28
1983-84	13	Nil	Nil	Nil
1984-85	40	33	82.5	611

1. The selection of trainees was not done on rational basis so as to give weightage to the masons belonging to areas having potential for biogas development nor was any criteria fixed for selection of trainees. It was stated by the district implementing agencies that the selection of candidates was made at random.

2. The impact of training courses was not evaluated.

(b) Organisation of biogas education programme for village women

The biogas programme has a direct bearing on the lifestyle of village women, who are its most immediate beneficiaries and are directly involved in the operation and maintenance of biogas plants.

For this purpose, systematic efforts were to be made to educate women about the benefits of biogas and about the important aspects of the maintenance of biogas plants. One day courses at a cost of Rs. 750 per course were to be organised, the number of participants in each course being about 50.

Targets and achievements under this programme were as under :—

Year	Targets	Achievements	Number of participants

	(Number of courses)		
1982-83	5	Nil	Nil
1983-84	N.A.	3	150
1984-85	30	5	236

From the above it would be seen that :—

1. No course of training was organised during 1982-83. Even during 1983-84, only three such courses were organised in Jammu division in the last quarter of the year even though Government of India had sanctioned Rs. 3,750 for organisation of five such courses.

2. During 1984-85 too, against the target of 30 courses, funds for organisation of only 8 such courses were released to implementing agencies during the last quarter of the year. Of the four courses for which funds were allotted to Kashmir division, only two were organised. The shortfall was attributed to late receipt of funds. In Jammu division only three courses were organised against four for which funds were released. The Director of Agriculture, Jammu stated (August 1985) that the fourth course could not be held due to sanction of funds at the fag end of year when the concerned officers were pre-occupied with the implementation of other schemes.

(c) Refresher training courses for rectification of defective biogas plants

For proper maintenance and functioning of the plants, the State Government was required to make a survey of biogas plants already constructed/established, so that post-installation care and maintenance service could be extended. Accordingly, Regional Engineering College, Srinagar and Regional Research Laboratory, Jammu were entrusted (June 1983) with the job of evaluating the working of constructed plants in the respective divisions. The evaluation report from the

Regional Engineering College, Srinagar is still awaited (May 1985) although the list of completed biogas plants with their location had already been furnished by the Director Agriculture, Kashmir in July 1983.

In respect of Jammu division, Regional Research Laboratory, Jammu intimated (December 1983) that the collection of data on the biogas plants was at the final stage and would be sent by 31st January 1984. The report is still awaited (September 1986).

(d) Organisation of field demonstration on utility of manure

An important benefit of biogas plant is the production of manure which is qualitatively superior to what is produced through conventional composting method. Due to lack of awareness in farmers about the utility of biogas manure in the maintenance of soil health and improvement of crop production, Government of India sanctioned (October 1984) five field demonstration courses on utility of manure produced by biogas plants. Even though the funds of Rs. 5000 were released by Government of India in October/November 1984 (Rs. 2000 + Rs. 3000) the State Government released the funds to the Director Agriculture, Jammu on 28th February 1985 for organisation of all the five courses in Jammu division. Due to late release of funds by the State Government only one such course could be held. No study to ascertain to what extent the slurry was used as chemical fertilizer and its impact on agricultural development had been conducted so far (April 1985).

3.1.6.3.1. Payment of subsidy

As per instructions of State Government, the subsidy wherever possible was payable in kind i.e. in the form of cement, burners, pipes etc. and the remaining amount in cash.

1000 bags of cement purchased by Director Agriculture, Kashmir in June 1983 were distributed among six districts of Kashmir division without assessment of requirements.

Irregularities noticed in the utilisation of cement are discussed below :-

- (i) 195 bags of cement given on loan by two districts (Baramulla and Anantnag) to Assistant Commissioners Development (Baramulla and Anantnag) in December 1983 are yet to be recovered (April 1985).

- (ii) 196 bags of cement worth Rs. 9,604 lying in stock of 3 districts (Srinagar, Baramulla and Pulwama) unutilised since June 1983 are reported to have been damaged due to setting.
- (iii) 23 bags of cement (against the norm of only 21) given to one beneficiary of Pulwama district in August 1983 were not utilised on construction of the plant. No recovery of the cement was made from the beneficiary so far (April 1985).

3.1.6.3.2. Institutional Finance

The project provided only the subsidy portion of the capital cost of biogas units and the balance amount was to be raised through institutional finance. The plan of institutional finance for the programme was to be kept under constant review by the State Government and Government of India through proper liaison with lead banks.

The position of loan cases in the State during 1982-83 to 1984-85 was that out of 217 applications received, only 190 cases were recommended, out of which bank loans were made available only in 27 cases. The flow of credit had been very slow (ranging between 8 to 19 *per cent*) despite instructions issued by the Reserve Bank of India and National Agriculture Bank for Rural Development to all commercial banks that they should adopt suitable measures for accelerating the flow of credit for this important National Programme.

Reasons for rejecting and pendency of the loan cases were ;

- (a) non-fulfilment of formalities by beneficiaries and
- (b) lack of proper liaison with the banks.

The Area Development Officer, Kathua stated that the staff having remained busy with other items of work, close liaison with the banks could not be maintained.

Loan of Rs. 5000 advanced to a beneficiary of Pulwama district by State Bank of India, Pulwama in April 1984 for construction of a two cubic metre size plant was not utilised for the purpose so far. Recovery of the loan from the beneficiary is yet to be made (April 1985).

3.1.6.4: Identification of voluntary organisations/registered societies

For speedy implementation of the programme, voluntary organisations/recognised registered societies/corporate bodies who could play

a vital role in the setting up of the biogas plants and in providing post-installation maintenance and repair service on turn-key basis were to be identified by State Government and notified to Government of India. For this purpose, the project provided support fee/cash incentive at the rate of Rs. 200 per plant actually set up which was raised to Rs. 300 per plant with an increase of guarantee period from one to two years from 1984-85.

No such societies/voluntary organisations were identified by State Government so far. One multipurpose co-operative society (Gool Gujral, Jammu) had requested (August 1984) for its registration for undertaking the programme on turn-key basis in Jammu district. The case was recommended by the Director Agriculture, Jammu to the State Government in September 1984 for registration but the decision of the State Government is still awaited (April 1985).

3.1.6.5. Constitution of Co-ordination Committees

As per instructions of the Government of India, Co-ordination Committees comprising representatives of various departments concerned with different aspects of biogas programme, programme implementing agencies KVIB, banking institutions etc. were to be constituted both at State and district levels, for review and monitoring of the programme. Proceedings of meeting of the State level committee were required to be sent to Government of India invariably.

No such committees have been constituted so far. It was, however, reported that monthly meetings of district implementing agencies were being held in Directorate of Agriculture at Jammu and Srinagar while no proceedings thereof had been recorded.

3.1.6.6. Identification of village level functionaries

State Government was required to identify village level functionaries to provide support to the programme through collection of applications, block level planning, motivation of beneficiaries, providing technical guidance, supervision of construction of plants etc. For this purpose, cash incentive at Rs. 30 per plant was admissible to each such functionary.

No such village level functionaries had been identified in the State so far (April 1985).

3.1.6.7. Diversion of funds

A contingent expenditure of Rs. 8,526 (on purchase of furniture and daily wage labourers) not within the ambit of the programme, was incurred by two districts of Jammu division (Kathua and Jammu) in February and March 1983 (Rs. 7,192) and December 1984 to February 1985 (Rs. 1,334) out of the funds of the project, resulting in diversion of funds.

3.1.6.8. Non-maintenance of proper records

(i) No register indicating biogas plants set up, location of plants, village/block/district and size of the plant etc. was maintained either by the two Directorates of Agriculture (Jammu and Srinagar) or by the nodal department.

(ii) No register indicating funds released by Government of India year-wise for various components and the expenditure incurred there-against was maintained.

B—Community/Institutional biogas plants

3.1.7. The main objective of providing community biogas plants/institutional biogas plants was to ascertain how the community biogas plants could best be integrated with the socio-economic life of masses.

According to the instructions of Government of India, the scheme was to be pursued through active participation of nodal departments/agencies of State Governments. For this purpose, the nodal departments/agencies were to be adequately strengthened in manpower and other infrastructure facilities so as to enable them to undertake survey and investigations, identification, project formulation and appraisal, execution and supervision, monitoring and periodical review etc. corresponding to indicative targets for community biogas plants/institutional biogas plants assigned to each nodal agency. As for Jammu and Kashmir State, three each of community biogas plants and institutional biogas plants were to be taken up during 1984-85 and commissioned by March 1985. Wherever necessary, partial release of funds, corresponding to the targets fixed, were to be released to obviate any constraints.

No such plants were, however, set up in the State during 1984-85 although the feasibility of setting up of such plants was examined by the State Government in April 1983. Biogas Engineers of two Directorates (Jammu and Srinagar) were entrusted with the job of preparing

project reports in consultation with the Animal Husbandry and Sheep Husbandry Departments and Municipalities of Jammu and Srinagar. Reasons for non-setting up of the plants were reported by the Department to be—

- (i) non-provision of funds ; and
- (ii) non-formulation of project reports.

3.1.7. Summing up

- (i) The programme was implemented in all the districts of Jammu and Kashmir divisions except Leh and Kargil districts without identification of potential areas/districts.
- (ii) An expenditure of Rs. 20.26 lakhs was incurred on the programme during 1982-83 to 1984-85 against an allocation of Rs. 26.32 lakhs.
- (iii) Although expenditure incurred during the three years ranged between 38 and 97 *per cent* of the allocation, the achievements of biogas plants set up ranged between 5 and 40 *per cent* only.
- (iv) The creation of various categories of posts was not made according to the pattern laid down by the Government of India nor was their approval obtained.
- (v) Regional Engineering College, Srinagar and Regional Research Laboratory, Jammu were entrusted with the job of evaluating the working of constructed plants in the respective divisions, but no evaluation reports were available.
- (vi) No study to ascertain to what extent the slurry was used as chemical fertilizer and its impact on agricultural development had been conducted so far.
- (vii) One thousand bags of cement purchased in June 1983 were distributed among six districts of Kashmir division without assessment of requirements.
- (viii) The flow of credit from the banks had ranged between 8 to 19 *per cent* due mainly to lack of proper liaison with the banks.

- (ix) No voluntary organisations/registered societies to take up the job on turn-key basis were identified by the State Government.
- (x) Certificates of utilisation of grants were not furnished to Government of India during 1982-83 to 1984-85 due to non-reconciliation of figures of grants received from Government of India from time to time.
- (xi) No community/institutional biogas plants were set up due to non-provision of funds and non-formulation of project reports.

The matters mentioned above were reported to Government in September 1985 ; their reply is awaited (September 1986).

3.2. Improper storage of wheat seeds

In June 1983, the District Agriculture Officer, Command Area Development, Jammu placed a requisition with the Joint Director of Agriculture, Jammu for supply of 8000 quintals of wheat seeds of different varieties for distribution among the farmers during the rabi season 1983-84 against which he was supplied 5130 quintals. However, due to drought conditions, a part of the seed could not be distributed and 1745 quintals remained unsold at the end of the crop season. In February 1984, the Directorate of Agriculture agreed to receive back, after proper inspection, the unsold seed which could be preserved for utilisation during the subsequent season. An inspection of the wheat seed returned by the Command Area Development Agency in March 1984 by a committee constituted for the purpose by the Joint Director of Agriculture, Jammu, however, revealed that some of the seeds were badly damaged due to infestation by storegrain pests. Besides, some bags of seed had developed offensive odour while others contained high percentage of moisture attributable to improper storage conditions at various sales outlets. Thus, out of the total unsold stock of 1745 quintals, only 596 were accepted back. Wheat seed weighing 1083 quintals (cost : Rs .4.33 lakhs) rendered unfit was, therefore, put to auction in October 1984 by the Command Area Development Agency which yielded Rs. 1.70 lakhs resulting in a loss of Rs. 2.63 lakhs (Rs. 4.33 lakhs—Rs. 1.70 lakhs) to the State Government. The Department did not indicate the manner of disposal of the remaining 66 quintals of seed.

The matter was reported to the Government (July 1985) ; reply is awaited (September 1986).

Department of Gardens, Parks and Floriculture

3.3. Idle Investment

In 1978, in anticipation of Government approval, the Director of Gardens and Parks got five wooden booths constructed at a total cost of Rs. 0.48 lakh for sale of tickets and regulating the entry of visitors to the Mughal Gardens at Nishat and Shalimar and to Harwan Green Park similar to the practice already in vogue in the case of the Mughal Garden at Cheshmashahi. The booths were installed, two each at the Nishat and the Shalimar Gardens in May 1978 and the remaining one at the Harwan Green Park, in October 1978. Tickets for entry to the Shalimar Garden were also got printed during the same year at a cost of Rs. 0.33 lakh. However, the procedure of entry by tickets to the aforesaid gardens, intended to be introduced from June 1978, has not been introduced so far (July 1985) for want of necessary authority from Government, resulting in idle investment of Rs. 0.81 lakh on account of cost of construction of booths and printing of tickets. In reply to a query from Audit it was stated by the Department that the proposal for entry by tickets to the three gardens had been sent to Government only on 6th July 1985.

The matter was reported to the Government (August 1985) ; reply is awaited (September 1986).

Sheep Husbandry Department

3.4. Excessive mortality of rams

In January 1984, the Director, Sheep Husbandry Department, while on a visit to the Sheep Breeding Farm at Zawoor in the Pulwama district, was informed of the excessive mortality rate of rams owned by the Department in the district. Investigation conducted later in the same month by a team of officers (headed by the Senior Epidemiologist, Disease Investigation Laboratory, Srinagar) specially constituted for the purpose, revealed instances of utmost negligence on the part of the staff leading to high mortality of rams at various feeding centres and highland pastures. The investigation report revealed that out of 87 deaths which had occurred during April 1983 to January 1984, post-mortem reports of only 22 cases were on record in the District Sheep Husbandry Office, Pulwama. The report further indicated that even these post-mortem reports were not supported by laboratory findings due to which the cause of death indicated in the reports was doubtful. In his follow-up report, submitted to the Director in February 1984, the District Sheep Husbandry Officer, Pulwama attributed 44 cases of

mortality of rams (cost : Rs. 1.10 lakhs) during the year 1983-84 to the negligence of staff involving, inter alia, cases of un-authorised absence from duty, lack of supervision, negligence in performing duties including omission of timely servicing such as dosings/dippings to livestock, failure to keep the district office informed of the mortality of rams etc. No investigation of the death of 88 rams, out of a total flock of 375, which occurred in 1982-83 (pointed out by Audit in November 1983), was conducted, but in February 1984 these deaths were also attributed by the District Sheep Husbandry Officer to negligence of the field staff.

In July 1984, show cause notices were issued at the instance of the Director, Sheep Husbandry Department to 32 officials (one flock-master, 14 flock supervisors, 4 stock assistants and 13 shepherds) and cost of 44 rams inclusive of 10 per cent penalty at the rate of Rs. 2750 per ram was ordered to be recovered from them in monthly instalments from August 1984. In August 1985, the District Sheep Husbandry Officer, Pulwama intimated that the matter of effecting recovery was being pursued. No recovery has, however, been made from the delinquent employees so far (August 1985).

The matter was reported to Government in September 1985 ; reply is awaited (September 1986).

Industries and Commerce Department

3.5. Non-functioning of training centre

For imparting training in handicrafts to the unemployed rural youth and organising them into co-operatives, the Department of Handicrafts runs various training centres. The location of a training centre is to be determined after conducting a survey, keeping in view the response of the local inhabitants, availability of the trainees and skill-potential of the area. For running a handloom weaving training centre, the required strength of the trainees as fixed by the Department is ten.

In April 1978, the control of a handloom weaving training centre at Latti, which had remained idle for 2 years on account of poor response from the people of the area, was transferred from the Industries Department to the newly created Directorate of Handicrafts. To run the centre, a building was hired in July 1978 and the training programme started in October 1978. However, due to lack of response,

only one candidate was trained in 1978-79 and none thereafter as indicated below :—

Period	Number of persons trained	Remarks
1978-79	1	10 candidates selected but only 3 joined of which 2 dropped out.
1979-80	Nil	No response from the inhabitants.
1980-81	Nil	Candidates not available.

The poor enrolment was attributed (May 1983) by the Senior Supervisor of the centre to reluctance of the people to go in for the training owing to (i) non-providing of fly shuttle looms free of cost to the trained people as promised earlier by the Industries Department and (ii) lack of post-training follow-up action to help the trained people to start their own units. In May 1981, the centre was shifted to Sail instead of Charrota selected initially in January 1981 on the basis of survey. At Sail, the training centre remained in operation with full strength of ten trainees till July 1982, whereafter no training could be imparted due to poor response from the inhabitants. Subsequently, in November 1982, the centre was again shifted to Barmeen village where due to lack of proper response only two candidates were trained till November 1983. In December 1983, the centre was once more shifted to another location (Janta Nagar Meer), where nine trainees received training in December 1983—December 1984 and training of another batch of ten candidates was started in December 1984.

Thus, the training centre during the five and a half years since its transfer to the Handicrafts Department in April 1978 shifted from place to place, without first undertaking proper and realistic surveys. It has functioned with full capacity of trainees for only one year at Sail. For the remaining period till December 1983 the Department incurred expenditure of Rs. 0.84 lakh on maintenance of staff, hire-charges of buildings, watch and ward, carriage etc. which was more or less unfruitful considering that only 3 candidates (one in 1978-79 and two in 1982-83) received training at the centre during the period.

The matter was referred to the Government (June 1985) ; their reply is awaited (September 1986).

3.6. Un-serviceable stock of pashmina yarn

During the years 1975-76 and 1976-77, raw pashmina of different grades weighing 93.85 quintals (Cost : Rs. 9.99 lakhs) was purchased (in bulk without restricting the purchase to the annual weaving capacity of the centres) by the Superintendent Cottage Industries, Leh, for conversion into yarn to be woven at various weaving centres. The weaving capacity of the different weaving centres was, however, limited because during the period from July 1973 to March 1975 only 2.73 quintals of yarn obtained out of raw pashmina could be utilised leaving a balance of 1.50 quintals on 31st March 1975. Further, during the period from 1975-76 to 1979-80 only 6.55 quintals of yarn obtained from raw pashmina could be woven leaving a balance of 6.12 quintals of yarn in storage on 31st March 1980. In the meantime, the yarn kept in storage had deteriorated and upon a local weaving master's refusal to accept the defective/moth eaten yarn, a committee of officers was constituted in 1980-81 to inspect the condition of the unutilised yarn in the departmental stores. The Committee opined that some of the pashmina yarn had become unusable. The cost of the damaged yarn (2.67 quintals) according to the departmental estimates amounted to Rs. 1.31 lakhs. The deterioration in the stocks was attributed to prolonged storage and lack of proper storage facilities. On being pointed out in audit, it was intimated that the raw pashmina was purchased without ascertaining the actual requirements and with a view to utilising fully the budget grant for purchase of raw pashmina. No action has so far (August 1985) been taken to dispose of the un-serviceable stock although a committee was constituted in June 1982 to arrange for its auction.

The matter was reported to the Government (September 1985); reply is awaited (March 1986).

Forest Department

3.7. Afforestation, Social and Farm Forestry

3.7.1. A Centrally sponsored scheme of 'Social Forestry including Rural Fuel Wood Plantations' was launched during Sixth Five Year Plan period with a view to reducing the shortfall in the supply of fuel wood, fodder and small timber requirements of the rural people in and around their villages. Initially the scheme was to be operated in three districts of the State. During 1983-84, one more district was brought within the purview of the scheme. The scheme was not, however, implemented in the State, as according to the Government (Forest Department) the expenditure norm of Rs. 2000 per hectare prescribed by the Government of India could not be maintained in the districts selected

by the Government of India. Consequently, the assistance of Rs. 14.22 lakhs received from the Government of India during 1980-81 remained unutilised.

In the State, however, an alternative (World Bank aided) scheme 'Afforestation, Social and Farm Forestry' was launched in January 1982. The scheme was to run for a period of five years starting from April 1982 and the period from January 1982 to March 1982 was to be treated as zero year.

3.7.2. Organisational set-up

The programme was implemented by the Social Forestry Wing of the Forest Department. The Project Director of the wing assisted by the Regional Directors at Kashmir and Jammu supervised the programme ; it was executed at grassroot level by Divisional Forest Officers of ten Social Forestry Divisions covering all the districts except Leh and Kargil.

3.7.3. Financial outlay and expenditure

3.7.3.1. The programme is financed by the World Bank to the extent of 35 per cent and the balance to be met by the State Government. The position with regard to allotment of funds, funds released by the State Government, expenditure incurred thereagainst and reimbursement received from World Bank through Government of India was as under :—

Year	Funds released by the State Government	Expendi- ture incurred	Reimburse- ment claimed	Reimburse- ment received
(Rupees in lakhs)				
Zero year (January 1982 to March 1982)	40.40)	130.84	117.36	23.10
1982-83	110.40)			
1983-84	312.00	303.80	273.60	118.50
1984-85	226.00	431.21	228.58	162.20

3.7.3.2. The objectives for the project were to be achieved over a five year period through :—

- (i) establishment of 44,000 hectares of plantations in five years period from 1982-83 in twelve districts of the State,

- (ii) establishment of additional nurseries to provide planting stock,
- (iii) provision of forestry staff at the operational and extension levels,
- (iv) expansion of existing forestry training schools for training of social forestry staff,
- (v) strengthening research activities, and
- (vi) carrying out a wood balance study.

Following points were noticed during test check of records in the Directorate of Social Forestry and six divisional offices conducted during October 1984 to March 1985.

3.7.4. Plantation

3.7.4.1. The plantation programme according to project report under different categories and the achievements made thereagainst was as under :—

	1982-83			
	Targets		Achievements	
	Area	Plants	Area	Plants
(Area in hectares and plants in lakh numbers)				
Strip Plantation	200	5.00	205.99	9.06
Wetland	200	5.00	94.40	2.36
Degraded Forests	300	7.50	302.81	7.46
Village woodlots	100	2.50	238.17	5.63
Farm Forestry	900	22.50	948.98	23.82
	1700	42.50	1790.35	48.33

1983-84

	Targets		Achievements	
	Area	Plants	Area	Plants
(Area in hectares and plants in lakh numbers)				
Strip Plantation	200	5.00	498.94	13.65
Wetland	400	10.00	421.93	10.55
Degraded Forests	1100	27.50	1099.49	27.38
Village woodlots	300	7.50	376.10	12.01
Farm Forestry	2800	70.00	3744.63	93.16
	4800	120.00	6141.09	156.75

1984-85

	Targets		Achievements*	
	Area	Plants	Area	Plants
(Area in hectares and plants in lakh numbers)				
Strip Plantation	200	5.00	367.94	9.60
Wetland	400	10.00	...	...
Degraded Forests	2900	72.50	768.96	54.48
Village woodlots	950	23.75	314.26	7.81
Farm Forestry	4200	105.00	1924.35	48.11
	8650	216.25	3375.51	120.00

While the achievements exceeded targets fixed in regard to area to be brought under plantation for the State as a whole there was substantial shortfalls in regard to both area and the number of plants

*Figures up to December 1984 only.

during 1983-84 in the divisions of Jammu, Kathua and Udhampur as shown in the table below :—

Year	Category	Name o division	Targets		Achievements		Shortfall	Percentage of shortfall
			Area in hect- ares	Number of plants	Area in hectares	Number of plants	Plants	
1983-84	Degraded Forests	Jammu	100	2,50,000	44	1,10,000	1,40,000	56
		Kathua	100	2,22,200	48	1,19,000	1,03,200	46
	Village woodlots	Jammu	25	55,550	1	2,300	53,250	96
		Udhampur	20	41,660	11	27,500	14,160	34
	Farm Forestry	Udhampur	300	7,50,000	156	3,89,949	3,60,051	48

The Project Director stated (July 1985) that the targets had been fixed on the basis of availability of land as per Statistical Digest and that no survey had been undertaken before the preparation of project and that targets were bound to change depending upon suitability of land and response of people to a particular component of planting.

3.7.4.2. Plantation Journals

Plantation Journals are to be maintained in respect of all plantations made under various categories. The prescribed form provides columns for number and species of plants planted, number of plants surviving, benefits derived from the plantations by the local people and how far they have helped in protection of the plantations. It was noticed during test check of records in the selected divisions that the journals had not been maintained in proper form and accordingly information as to the help rendered by local people in the protection of plantation had not been noted therein. The survival rate had been noted on estimated basis and no follow-up action had been taken to determine the availability of plants by actual enumeration. It was stated by the Divisional Forest Officers, generally, that the prescribed forms had been introduced during 1984-85 and all the required information would be noted in the journals in future.

3.7.4.3. Farm forestry

The farm forestry component of the programme provided for distribution of seedlings free of cost to farmers for planting on private wastelands and along field boundaries with a view to encouraging them to develop their own tree resources. Each beneficiary was required to furnish, in his application, details of his land-holdings, strength of family/household including income and other particulars of property, duly verified by some responsible forest authority. Preference was to be given to small and marginal farmers i.e. with land holding of 0-2 and 2-4 hectares and only after their demand was met that other people were to be considered for issue of seedlings.

The test check of records of selected divisions revealed that in none of the divisions applications had been registered according to land holdings so as to ensure issue of plants to farmers according to laid down criteria.

The applications received were attested in most of the cases by motivators and not by any responsible forest officer as laid down. The particulars of land-holding had not been got verified, in the absence of which the divisions could not exercise control over the distribution of seedlings to ineligible beneficiaries. The Divisional Forest Officer, Jammu stated in January 1985 that land-holdings based on khasra numbers would be got verified by Revenue Department in future. The Divisional Forest Officer, Social Forestry, Udhampur stated in February

1985 that the authentication of motivator was taken as final as further verification by the Revenue authority would entail long correspondence. The Divisional Forest Officer, Social Forestry, Baramulla stated (December 1984) that verification was done by Range Officer concerned. No reply was furnished by Divisional Forest Officers, Anantnag, Kathua and Kupwara (February 1985).

The follow-up action to assess the survival rate of the trees planted by the farmers on their private land and field boundaries and the benefits derived by them from these plantations had not been conducted in any of the divisions selected for test check.

The Divisional Forest Officers, Baramulla, Jammu and Udhampur stated (December 1984/February 1985) that the assessment regarding survival rate of plantation would be taken up in future. No reply was furnished by the Divisional Forest Officers, Kupwara, Anantnag and Kathua (February 1985). The Project Director stated in June 1985 that detailed forms showing position of land holdings, irrigated or rain-fed areas and requirement of specific species to be filled in by beneficiaries had been evolved at a later stage. The Project Director further stated in September 1985 that sampling technique for evaluation of plantation work had been finalised in a Monitoring workshop held at Hyderabad in 1983 and that prescribed forms were supplied in 1984. In consequence, sampling and evaluation work could not be started previously.

3.7.4.4.1. According to the Project Report a nursery was to be established in each village Panchayat in a phased manner over the project period for raising seedlings for eventual plantation and issue to farmers for plantation in their private lands. Number of nurseries established to end of 1984-85 in respect of the selected divisions is as under :—

Name of divisions	Number of village panchayats	Number of nurseries established
Kupwara	113	11
Baramulla	119	14
Anantnag	139	14
Jammu	156	10
Kathua	102	31
Udhampur	113	21

It would be seen that establishment of nurseries has not been as per project anticipations. While Divisional Forest Officer, Social Forestry, Jammu stated (January 1985) that slow progress in establishment of nurseries was due to shortage of land and inadequate staff, no reasons

were furnished by the Divisional Forest Officer, Social Forestry, Kupwara, Baramulla, Anantnag and Kathua (February 1985). The Project Director stated (July 1985) that the nurseries established so far were sufficient to meet their present requirements.

The targets for laying out nurseries in terms of area and the achievements thereagainst in respect of selected divisions were as under :—

Name of division	1982-83			1983-84			1984-85			Total		
	Targets	Achievements	Excess(+)/ shortfall(—)	Targets	Achievements	Excess(+)/ Shortfall(—)	Targets	Achievements	Excess(+)/ Shortfall(—)	Targets	Achievements	Excess(+)/ Shortfall(—)
(In hectares)												
Kupwara	10.70	14.00	(+) 3.30	25.10	28.15	(+) 3.05	41.65	48.05	(+) 6.40	77.45	90.20	(+) 2.75
Baramulla	17.75	30.00	(+)12.25	33.60	38.46	(+) 4.86	56.25	53.95	(—) 2.30	107.60	122.41	(+)14.81
Anantnag	15.45	26.30	(+)10.85	35.50	37.06	(+) 1.56	59.65	42.11	(—)17.54	110.60	105.47	(—)5.13
Jammu	23.58	11.00	(—)12.58	35.99	15.95	(—)20.04	43.95	19.25	(—)24.70	103.52	46.20	(—)57.32
Kathua	23.12	8.00	(—)15.12	33.28	19.15	(—)14.13	48.37	34.35	(—)14.02	104.77	61.50	(—)43.27
Udhampur	13.65	7.78	(—) 5.87	24.26	32.10	(+) 7.84	42.18	29.93	(—)12.25	80.09	69.81	(—)10.28
	104.25	97.08	(—) 7.17	187.73	170.87	(—)16.86	292.05	227.64	(—)64.41	584.03	495.59	(—)88.44

From the foregoing table, it would be seen that there was considerable shortfall in laying out of targeted area nurseries.

The following other points were noticed :-

In Punyalog (Kanthal) nursery of Billawar range Kathua division the existing position of plants was 0.14 lakh only as at the end of October 1984 against the available stock position of 1.05 lakhs. The disposal of balance number of 0.91 lakh plants had not been kept in the nursery journal nor could the same be explained to audit (February 1985).

3.7.4.4.2. Nurseries

The test check of nursery record of selected divisions revealed that information with regard to plant potential on the basis of germination percentage of seed used under each specie, plants actually available for eventual extraction, employment generated and cost per hectare/plant had not been indicated in it. In absence of this no watch could be kept on proper utilisation of nursery area.

According to the instructions of the Chief Conservator of Forests (issued in January 1984), the seeds were to be purchased from Divisional Forest Officer (Research), Srinagar/Jammu so as to ensure purchase of quality seed. Similarly, the walnut seed was to be got from the Horticulture Department of the State Government. Test check of records of the selected divisions revealed that most of the seeds sown in the nurseries had been purchased from local dealers in the open market instead of Research Divisions as per instance given in the table below :-

Year	Name of division	Total quantity of seeds purchased locally (quintals)	Cost of the seed purchased (In lakhs of rupees)
1982-83	Divisional Forest Officer, (Social Forestry), Kupwara	50	0.28
	Divisional Forest Officer, (Social Forestry), Udhampur	2.33	N.A.
	Divisional Forest Officer, (Social Forestry), Baramulla	18.45	0.27
1983-84	Divisional Forest Officer, (Social Forestry), Kupwara	53	0.42

Year	Name of division	Total quantity of seeds purchased locally (quintals)	Cost of the seed purchased (in lakhs of rupees)
1983-84	Divisional Forest Officer, (Social Forestry), Kathua	9	N.A.
	Divisional Forest Officer, (Social Forestry), Udhampur	22	0.42

(N.A.—Information not available)

No standards in respect of germination rate of the seeds to be purchased had been laid down nor had the seeds purchased subjected to germination tests. In absence of the pre-determined germination rate of each specie grown in the nurseries the divisions had no control over the viability of the seeds purchased as could be seen in the following cases :

In Magrepora nursery of range Baramulla in district Baramulla the Robinia seed sown during 1982-83 in 892 beds had completely failed. No investigation leading to failure of seed had been done.

In respect of Sedhare nursery of Akhnoor range in District Jammu, one lakh bamboo prickings out of 1,75,000 sown in polythene bags had not come up. The loss sustained had not been worked out by the Department. The reasons for this loss were attributed to the non-viability of seed sown in the nursery. The Divisional Forest Officer, Social Forestry, Jammu stated (January 1985) that further investigation in the matter would be taken up.

In nursery at Duggan of Billawar range (district Kathua) :—

—8 Kgs of Hardy seed sown had altogether failed.

—One quintal of HC nuts sown had given only 550 plants against expected 2500 plants.

—Out of 15000 Robinia prickings put into beds, only 500 unhealthy saplings survived.

—Against 500 Kgs of walnuts sown with 2500 plant potential only 200 unhealthy number of plants were available.

—The Project Director stated in June 1985 that because of non-availability of laboratory facilities germination percentage tests of seeds purchased could not be conducted.

3.7.4.4.3. During review of performance of various nurseries in Kathua division conducted by the Project Director in January 1985, it was brought out that actual production of plants was much less than the expected production as per instances below :—

Kathua range		Effective area (hectares)	Plant potential	Production of plants	Shortfall/remarks
(In lakhs)					
1.	Chak Drabkhan	2.36	7.80	5.44	2.36
2.	Lakhanpur Railway	1.20	3.12	1.66	1.46
3.	Bagial tube-well	0.06	0.24	0.01	0.23
4.	Barnoti tube-well	0.06	0.24	0.03	0.21
5.	CPWD Lakhanpur	0.20	1.00	Nil	The nursery had been abandoned, although the condition of the nursery was favourable for good production.
6.	Lift Irrigation	0.10	0.50	Nil	Nursery was neglected resulting in no production in summer season.
Hiranagar range					
1.	Nonath tube-well	0.02	0.08	0.02	0.06
2.	Bajoka chak tube-well	0.02	0.08	0.02	0.06
3.	Hiranagar School nursery	0.20	0.80	0.60	0.20
4.	Samba nursery	1.00	2.60	2.17	0.43
5.	Mathra chack	2.40	5.40	4.50	0.90
Sunjwan		0.90	2.34	1.85	(The shortfall was due to failure of bamboo seed) 0.49

Divisional Forest Officer, Social Forestry, Kathua was asked (February 1985) to explain the reasons for shortfall and fix responsibility for the lapse. Further report is awaited (October 1986).

In the three nurseries of Udhampur division, mortality of seedlings ranged between 33 and 70 *per cent* as noticed during first evaluation done in April to June 1984. The Divisional Forest Officer, Social Forestry, Udhampur stated in February 1985 that abnormal drought could be the reason for mortality of crop.

3.7.5. Trainings

Project report envisaged training for social forestry workers, and motivators required to be engaged under the programme at the Forestry Training Institutes at Miranshib (Jammu) and Chittarnar, Bandipora (Kashmir) in the basic concepts of forestry, basic extension and communication techniques and basic nursery and planting techniques. Out of 197 social forestry workers and 1100 motivators only 22 social forestry workers and 642 motivators had been trained so far (December 1984). The position of motivators and social forestry workers engaged

and trained in respect of selected divisions was as under :—

Name of Division	Supplementary staff engaged		Staff trained		Percentage trained	
	Motivators	S. F. Workers	Motivators	S. F. Workers	Motivators	S. F. Workers
Kupwara	112	16	52	1	46	6
Baramulla	112	NA	35	—	31	—
Anantnag	125	NA	25	NA	20	NA
Jammu	112	18	28	1	25	6
Kathua	91	11	47	7	52	64
Udhampur	53	14	43	8	81	57

From the foregoing table, it would be seen that the percentage of motivators trained to motivators engaged for propagation of programme among the local population ranged between 20 and 81 in the test checked divisions. Obviously, the untrained motivators would not be in a position to properly discharge the duties expected of them. The Divisional Forest Officer, Social Forestry, Jammu stated (January 1985) that the remaining motivators would be trained in future. While Divisional Forest Officer, Social Forestry, Baramulla and Kathua stated (December 1984 and February 1985) that the motivators were being deputed for training by turn under the orders of higher authorities, no reply was furnished by Divisional Forest Officer, Kupwara and Anantnag (February 1985). The Project Director stated (September 1985) that due to inadequate teaching staff the training programme could not be implemented as projected in the Project Report.

It was also noticed that the motivators engaged were not according to the number of Panchayats (as provided in the Project Report) especially in Jammu and Udhampur divisions where against 156 and 113 village Panchayats only 112 and 53 motivators had been engaged thereby some of the Panchayats have not been covered under the programme. While no reply had been furnished by Divisional Forest Officer, Social Forestry, Jammu (February 1985) the Divisional Forest Officer, Social Forestry, Udhampur stated (February 1985) that many Panchayats had not been activated so far. During test check of records of selected divisions it was noticed that no criteria had been laid down for appointment of motivators nor had job requirements of the motivators been laid down till the end of 1984. The motivators were paid their monthly honorarium on the strength of a certificate recorded on the bill that the motivators had been on duty during the month without recording the details of work done by them during the month to justify the payment of honorarium of Rs. 200 per head per month. The Project Director stated in June 1985 that statements of work done by motivators would be maintained by the Divisional Forest Officers in future.

3.7.6. Publicity, communication and extension

The Project Report provided for establishment of two publicity units for each forestry circle by not later than 31st December 1983 with a view to co-ordinating all activities associated with publicity and dissemination of information. The examination of records in the Project Directorate revealed that only one such unit had started functioning in Kashmir circle from July 1984. During the period up to March 1985, 38 seminars and 46 farmer's camps had been held. The

impact of publicity done in the seminars and farmer's camps had not been evaluated to judge the extent of the promotion of the programme. The publicity wings were also to be set up in the divisions concerned for which ten publicity vans and twelve slide projectors costing Rs. 7.71 lakhs and Rs. 1.91 lakhs respectively had been purchased during 1983-84. Each wing was required to get one van fitted with slide projector. Out of the twelve slide projectors purchased, six had been sent to Jammu region and the remaining six were lying in the Project Director's Office unused as no projector operators had been appointed. In Jammu region one social forestry worker was stated by Regional Director, Jammu (January 1985) to have been trained in the operation of projectors who would operate the projectors of all the divisions by turn. Meanwhile, the projectors meant for Jammu region were lying in Regional Director's Office. The vans distributed to the divisions without the slide operators were utilized in the divisions excepting Udhampur division where no van had been sent so far (February 1985) for carriage of planting material between various places. While Divisional Forest Officer, Kupwara and Baramulla stated (November 1984 and December 1984) that the vans were utilised partly for carriage of planting material under the orders of Project Director communicated in July 1984, no reasons were assigned by Divisional Forest Officer, Social Forestry, Anantnag, Kathua and Jammu (February 1985). The Divisional Forest Officer, Social Forestry, Udhampur stated (February 1985) that no publicity van had been provided despite repeated requests to the higher authorities. Disposal of the van meant for Udhampur was not on record in Regional Director's Office.

During test check of the selected divisions it was observed that no farmer's camp/ seminars had been held during 1982-83 against the target of ten farmer's camps/seminars per division. While one, two and six farmer's camps had been held in Kupwara, Baramulla and Kathua divisions respectively during 1983-84, no farmer's camp was held in Udhampur division. Similarly, during 1984-85 only four, three and seven farmer's camps had been held in Kupwara, Baramulla and Udhampur divisions respectively against the targeted number of ten farmer's camps for each division. In Anantnag division no farmer's camp had been held during 1983-84 and 1984-85 while in respect of Jammu (for 1983-84 and 1984-85) and Kathua divisions (for 1984-85) information was neither on record nor communicated to audit.

3.7.7. Research

The scheme provided for increased research programme and seed testing under the direction of the Conservator in charge of working

and research circle to be carried out by Divisional Forest Officers (Research) based at Srinagar and Jammu. The research wing was to be provided with additional funding by the project for meeting cost of additional research needed to support and improve social forestry programme. The Project Director in charge of the project was to participate in formulating and reviewing the department's overall forest research programme so as to ensure that research needs of social forestry were included. The research programme was to include, nursery studies, silviculture studies, growth performance of trees and socio-economic studies. Records test checked in Regional Director's Office did not reveal any research falling within the ambit of social forestry having been conducted by the Research divisions despite the fact that Rs. 1.70 lakhs and Rs. 2.70 lakhs had been advanced during 1983-84 to Divisional Forest Officers (Research), Srinagar and Jammu respectively. The Divisional Forest Officers had also not rendered accounts to indicate the purposes on which the amounts had been spent. The Project Director stated in June 1985 that research activities to improve social forestry programme had been entrusted to Jammu and Kashmir University adding that due to inadequacy of staff no research work could be conducted by the Research Division of Forest Department.

3.7.8. Buildings and equipment

The Project Report (issued in July 1982) envisaged construction of rural training centre, store/godown, extension of forestry schools as also housing facilities for the staff at the field level associated with such programme in a phased manner. The position of buildings to be constructed during first three operational years ending 1984-85 and the works executed was as under :—

Category	Target	Achievements	Shortfall
Residential			
(i) Deputy Conservator of Forest's Residence	2	1	1
(ii) Staff quarters	9	1	8
(iii) Teacher staff quarter	4	...	4
(iv) Mali's quarters	12	10	2
Non-residential buildings			
(i) Rural training centre	9	1	8
(ii) Store/godown	6	1	5
(iii) Extension of forestry schools	2	...	2
(iv) Dormitories	4	...	4

It would be seen that progress of constructional works had been tardy in respect of both residential and non-residential buildings. The purpose of providing residential accommodation was to enable the staff at field level to remain close to their working sites for effective functioning which does not seem to have been achieved. The following further points were noticed :—

(a) An amount of Rs. 27 lakhs had been advanced to Jammu and Kashmir Projects Construction Corporation Limited (being an agency for construction of buildings) in March 1984 for meeting expenditure on construction of various buildings. The basis on which the amount was worked out was not on record. As per the allotment letter of 26th February 1984 issued by the Project Director, the total estimated cost of the works entrusted to Jammu and Kashmir Projects Construction Corporation Limited was of the order of Rs. 8.20 lakhs only. The buildings were required to be completed by August 1984. Progress of construction had not been monitored. Records did not reveal as to when the construction works had, if at all, been started and when these were expected to be completed. Detailed accounts were awaited from Jammu and Kashmir Projects Construction Corporation Limited. The Project Director stated in June 1985 that the amount would be recovered from Jammu and Kashmir Projects Construction Corporation Limited in case they failed to execute construction works allotted to the Corporation.

(b) The Project Report provided for purchase of various types of vehicles meant to provide mobility to the field staff, trainees and carriage of plantation materials. Out of Rs. 23 lakhs incurred by the Project on purchase of vehicles which included trucks and buses, Rs. 7 lakhs represented cost of two trucks and two buses ordered to be supplied through State Motor Garages, Jammu and Kashmir Government, Srinagar against advance payment made on 28th January 1984. The chassis of two trucks and buses each were supplied before 17th May 1984 by the State Motor Garages who were asked to deliver the vehicles after fabrication of their bodies in the same month. The examination of records revealed that the fabrication had not been done by the State Motor Garages or some other agency even up to 31st December 1984, when these were reported to have been handed over under the orders of the Regional Director, Social Forestry, Jammu to private builders who were yet to deliver the same with bodies fabricated (February 1985). Due to non-availability of trucks for carriage of planting material to the sites concerned the social forestry divisions of Jammu, Kathua and Udhampur had incurred an expenditure of Rs. 3.45 lakhs (June 1984 to January 1985) by hiring vehicles for transportation purposes. The expenditure thus incurred could have been substantially reduced had the trucks been made available to the divisions timely.

The buses also were yet to be received by the social forestry project. No action was taken against the agency. The Regional Director, Social Forestry Project, Jammu stated (January 1985) that the chasis had been kept back by the State Motor Garages unnecessarily resulting in delay in the fabrication of their bodies. Non-carrying out of this work had resulted in unnecessary block up of funds to the extent of Rs. 7.00 lakhs.

3.7.9. Wood balance study

According to Project Report on social forestry, wood balance study aimed at finding out the total availability of the wood and consumption thereof in the whole of the State had to be taken up in the State through a cell consisting of staff drawn from Statistical Wing of Planning Department from September 1983. The records maintained in the office of the Project Director revealed that the cell had started functioning from July—August 1984 i.e. after lapse of one year from the scheduled date. Data regarding the wood balance study was stated to be under collection. No reasons for late constitution of the cell had been kept on record nor intimated to audit (February 1985).

3.7.10. State Policy Review Committee

The State Policy Review Committee was to meet as often as necessary but not less than once in a year for reviewing the programme. Although the Committee had been established in March 1983 it had not met even once.

3.7.11. Monitoring and Evaluation

The monitoring and evaluation unit headed by Deputy Conservator of Forests and supported by statistical staff and field enumerators was to be set up not later than 31st December 1982 to suggest improvements for Project implementation, assess villager's acceptance of social forestry activities, determine tree survival rates of the farm forestry component and carry out a mid-term evaluation of the project. Six monthly progress reports in June and December of each year were also to be prepared. The examination of records revealed that the wing had started functioning from September 1983 when a Deputy Conservator of Forests (Monitoring) had been posted with the assistance of one Statistical Officer, one Statistical Assistant and five Social Forestry Workers and a Driver.

No evaluation about the acceptance of programme by the villagers, survival rate of trees under farm forestry component and preparation

of mid-term appraisals had been carried out by the Monitoring and Evaluation Wing of the Department (March 1985). In the absence of proper mid-term appraisals, the extent of progress achieved so far in fulfilment of the objectives of the programme and bottlenecks, if any, encountered during such implementation could not be determined. It was noticed that the wing had so far confined its activities to consolidation of progress reports received from divisional offices for submission to higher authorities. For purpose of providing a quantified appreciation of the economic effects of the social forestry programme on the community, a baseline socio-economic study was to have been conducted at the start of the Project. No such study had been undertaken with the result that actual impact of the programme could not be assessed in quantitative terms.

3.7.12 Staffing

(a) The staff component especially at field level meant for spreading the message of social forestry and benefits of tree planting and for interacting with the villagers for solving their technical problems besides overseeing normal planting and protection duties was not in position as per the approved pattern. The position with regard to staff in position and the vacancies which persisted during operational period ending 1984-85 was as under :—

Category	Sanctioned number of posts	Staff in position	Posts vacant
	(1982-83 to 1984-85)		
1. Chief Publicity Officer	2	1 (from July 1984)	2 up to July 1984 and 1 thereonwards
2. Project Operator	2	..	2
3. Camera man	2	..	2
4. Deputy Conservators of Forests	10	5	5
			The posts are held by Assistant Conservators of Forests
5. Foresters	150	98	52
6. Specialists for Forest schools	4	..	4
7. Social Forestry Workers	235	197	38

Reasons for non-positioning of required staff were not on record. Inadequacy of required staff could inhibit progress of the programme.

(b) Out of the divisions selected for test check, the staffing position of Social Forestry Division, Udhampur during 1982-83 to 1984-85 was especially poor vis-a-vis sanctioned strength as shown below :—

1982-83			
Category of posts	Number of posts sanctioned	Effective strength	Posts vacant
Foresters	8	6	2
Social Forestry Workers	14	5	9
Motivators	84	10	74
Malies	7	5	2
1983-84			
Foresters	12	8	4
Social Forestry Workers	19	9	10
Motivators	112	47	65
Malies	7	N.A.	N.A.
1984-85			
Foresters	15	8	7
Social Forestry Workers	23	14	9
Motivators	140	52	88
Malies	N.A.	N.A.	N.A.
Range Officers	3	2	1

(N.A.—Information not available)

3.7.13. Summing up

The vacancies in various cadres according to the approved pattern of staff persisted during 1982-83 to 1984-85 resulting in the implementation of programme having been adversely affected, especially, in Udhampur district, where there was considerable inadequacy of staff to run the programme in its correct perspective.

During 1983-84 there was considerable shortfall in plantation of trees in the three districts of Jammu region i.e. Jammu, Kathua and Udhampur.

Fencing of forest areas, had been undertaken through barbed wire purchased for Rs. 5.14 lakhs and Rs. 4.34 lakhs during 1983-84 and 1984-85 for Jammu region alone when the areas were required to be fenced with the available local material.

The maintenance of plantation journals were done on old forms which did not bring out number and species of plants planted, number of plants surviving and benefits derived from the plantation by the local people.

The application for distribution of seedlings under 'Farm forestry' component had not been registered according to land-holdings for ensuring issue of plants to small and marginal farmers on preferential basis nor had the particulars recorded in the applications been verified by the responsible officers of the Forest Department.

There was tardy progress in laying out of nurseries in the divisions selected for test check. Where the nurseries had been established, the areas had not been tackled according to the project anticipations.

The nursery journal maintained did not bring out the plant potential on the basis of germination percentage of seed used, plants actually available for eventual extraction, employment generated and cost per hectare/plant.

The seed used in the nurseries had been purchased locally and not from Divisional Forest Officer (Research), Srinagar/Jammu so as to ensure purchase of good quality seed. In Baramulla, Jammu and Kathua districts most of the seed thus purchased had not germinated as expected.

The performance of production of seedlings in the nurseries of Kathua districts was tardy vis-a-vis the plant potential.

Against the two publicity units for each forestry circles to be established latest by 31st December 1983, only one unit had been started in Kashmir circle from July 1984 which conducted very small number of seminars and farmer's camps for propagation of programme vis-a-vis the targets laid down. The vans and projectors purchased for the division concerned for publicity programme remained idle for want of projector operators.

No research work within the ambit of social forestry programme had been conducted by the Divisional Forest Officer, Research Divisions, Srinagar and Jammu although an amount of Rs. 1.70 lakhs and Rs. 2.70 lakhs had been advanced to the unit concerned to meet the expenditure on research activities.

There was low progress of construction of both residential and non-residential buildings as provided under the programme so far.

The progress with regard to monitoring of constructions work of buildings, for which an amount of Rs. 27 lakhs had been advanced to Jammu and Kashmir Projects Construction Corporation Limited during March 1984 had not been maintained nor had the accounts for the advance made obtained from the agency.

An avoidable expenditure of Rs. 3.45 lakhs had been incurred on hiring of private vehicles from June 1984 to December 1984 for transportation of planting material etc. due to non-fabrication of bodies of vehicles.

The State Policy Review Committee which had to meet as often as necessary and atleast once in a year had not met even once for reviewing the programme.

No evaluation about the acceptance of programme by the villagers, and survival rate of trees under farm forestry had been carried out.

The matter was reported to Government (August 1985); their reply is awaited (April 1986).

Planning and Development Department

3.8. Employment Exchanges

3.8.1. Introduction

The Employment Exchanges which came into existence in July 1945 with a view to rehabilitating the army personnel demobilised was extended to all categories of job-seekers in early 1948. Employment exchanges were established in the State in 1958. The functioning of the employment exchanges is regulated by the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and the rules made thereunder. The Act was extended to the State from 1st September 1971. Under the provisions of the Act all establishments in the public

sector as well as the private sector employing 25 or more workers are required to notify certain categories of vacancies to the appropriate employment exchanges.

The main functions of employment exchanges are to :—

1. register all categories of job-seekers and assist them in securing suitable jobs ;
2. assist employers by providing suitable personnel for the jobs ;
3. provide guidance to employment seekers in the choice of suitable vocation ; and
4. collect, compile and disseminate information regarding supply and demand for various categories of skilled and unskilled manpower for the benefit of employers, planners, employment seekers as well as educational authorities.

The employment services also include proper implementation of the 'Apprentices Act, 1961'.

3.8.2. Organisational set-up

At the State level, the organisation is headed by a Director, Employment who is assisted by a Deputy Director. In addition, there are two Divisional Employment Officers at Srinagar and Jammu and 14 District Employment Officers, one in each district.

Implementation of the Self-employment Programme sponsored by the State Government since 1972-73 is also entrusted to this Organisation. The Apprentices Training Scheme is, however, implemented by the Director, Technical Education. The overall administrative control rests with the Planning and Development Department.

The records relating to the organisation were examined in the Directorate of Employment, two Divisional Employment Offices (Srinagar and Jammu) and four District Employment Exchanges (Srinagar, Anantnag, Baramulla and Jammu). The points noticed are contained in the succeeding paragraphs.

3.8.3. Allocation and Expenditure

Against budget provision of Rs. 96.58 lakhs during 1980-81 to

1984-85, including salary component of Self-employment programme, an expenditure of Rs. 84.56 lakhs was incurred as under :—

S. No.	Year	Allocation	Expenditure
(Rupees in lakhs)			
1.	1980-81	16.11	13.14
2.	1981-82	17.58	14.41
3.	1982-83	19.86	16.86
4.	1983-84	20.47	18.73
5.	1984-85	22.56	21.42
Total :		96.58	84.56

3.8.4. Notification of vacancies to employment exchanges

Under the provisions of the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 employers in the public sector establishments are to notify vacancies to prescribed employment exchanges from the date the Act came into force. For the employers in the private sector the necessary notification was issued by the State Government only in December 1976 and the notification specifying eight employment exchanges and their areas of jurisdiction was issued in September 1977. A revised notification specifying areas of jurisdiction for 12 employment exchanges was issued in September 1981 while no notification for 2 employment exchanges (Pulwama and Kupwara) had been issued so far (June 1985). In consequence, the provisions of the Act regarding notification of vacancies to employment exchanges were not invoked till August 1977. Delay in issuance of the notifications was attributed by the Director Employment (July 1985) to procedural delays caused by the administrative department.

During test check of records of the four selected employment exchanges for the period 1980-81 to 1984-85, it was observed that vacancies had not been notified to the concerned employment exchanges by employers under the State Government, Quasi-Government Organisations, Local Bodies and by employers of private establishments. No action had, however, been taken either at the exchange level or at the Directorate/Divisional level to enforce the provisions of the Act regarding compulsory notification of vacancies nor was any penal action taken against the defaulters, who failed to notify the vacancies, as envisaged in the Act. Reasons for not enforcing the provisions of the Act regarding compulsory notification of vacancies, called for by Audit, are awaited.

3.8.5. Registration of Employment Seekers

Job seekers are to be registered in an employment exchange by the Employment Officer himself who is required to brief the applicants about registration and renewal procedures, employment trends, job opportunities, training facilities etc. The registration is to be done for the vocation for which the applicant is categorised on the basis of educational qualifications, work experience and vocational or professional training, the details of which are to be kept in Index Cards for ready reference after the entries are checked by the Employment Officer. Normally a job experience of six months is necessary for considering an applicant as experienced in a particular occupation or an alternative occupation for which dummy cards containing duplicate details are to be maintained.

It was noticed that while registering applicants, verification of entries in index cards had mostly been done by the clerical staff instead of by the Employment Officers. The Employment Officer, Jammu stated (April 1985) that his job being of touring nature, it was not possible for him to check all the index cards.

No running records of guidance provided to job seekers had been maintained in any of the four exchanges test checked in audit. In the absence of this, the extent to which such guidance was provided was not ascertainable. Applicants had been registered for particular occupations on the basis of certificate of job experience issued by employers in private or public sector organisations and attested by a Gazetted Officer. No action had been taken by the exchanges to verify the certificates to guard against spurious certificates. The Employment Officer, Jammu stated (April 1985) that certificates from private employers were accepted after cross-examining the candidates.

In Srinagar Exchange, applicants had not been registered for alternative occupations and no dummy cards had been maintained.

3.8.6. Documentation of vacancies

All vacancies notified to employment exchanges are to be recorded in a Vacancy Order Register and also on Order Cards, a separate card being prepared for each occupation. A complete record of candidates sponsored against the vacancies notified and subsequent follow-up action taken till the vacancies are filled up is to be kept in Vacancy Order Register and on the Order Cards. In case the work place of a vacancy falls outside the jurisdiction of the recipient exchange, the vacancy has to be passed on to the appropriate exchange under intima-

tion to the employer. A record of vacancies arising in an exchange and circulated to other exchanges is also to be kept at the State level.

The percentage of vacancies filled to that notified (excluding the Vacancies Cancelled) as per Vacancy Order Register, and as reported by the exchanges (test checked) to the Directorate during 1980 to 1984 were as under :—

Exchange	Percentage of vacancies filled to that notified	
	As recorded in Vacancy Order Register	As reported to the Directorate
Srinagar	1 to 40	20 to 48
Anantnag	29 to 85	58 to 100
Baramulla	23 to 58	68 to 100

From the table above, it would be seen that the percentage of vacancies filled to that notified and recorded in the Vacancy Order Register varies significantly from that reported by the exchanges to the Directorate thereby indicating that the data had not been reported correctly. In Jammu Exchange, number of candidates sponsored and vacancies filled up had not been indicated in the Vacancy Order Register.

In all the four exchanges, no action had been taken to ascertain the actual placements from the lists of candidates sponsored.

Record of vacancies circulated had neither been kept at the State level nor at the exchange level in respect of the four exchanges test checked in audit. As a result, no watch appears to have been kept over actual placements made against the circulated vacancies.

In Anantnag and Baramulla exchanges in a number of cases no order cards had been maintained in respect of vacancies notified by establishments falling outside their jurisdiction but the work place of which was within their jurisdiction. Candidates against these vacancies had been sponsored without following the procedures laid down for documentation of vacancies and sponsoring of candidates.

3.8.7. Forwarding of Lists of Applicants

3.8.7.1. Selection for filling of indents

The applicants sponsored for employment against vacancies notified are to be selected according to the requirements specified by employers. In the case of public sector vacancies the number of eligible applicants were to be sponsored according to fixed ratio (7 times the number for 1 to 2 vacancies, 5 times for 3 to 4 vacancies and 4 times for 5 or more vacancies) on the basis of seniority of registration of applicants. For sponsoring candidates to employers a scheme of selection is to be drawn up in each case indicating the basis of selection. The selection is to be made from the Live Register of the exchange. In August 1983, a revised procedure of selection of sponsorship, effective from 1st January 1984, was laid down requiring preparation of annual lists of applicants in respect of those occupations for which vacancies were notified to the employment exchange during the previous two years. The 'annual lists' valid for one calendar year were to be given wide publicity and candidate sponsored from the list as per requirements of employers-cum-seniority of registration and according to ratio of 20 names per 1 vacancy.

In all the four exchanges test checked in audit, the revised procedure of sponsoring had not been adopted while in Srinagar Exchange only, the revised ratio of sponsoring (1 : 20) had been adopted from October 1984. Employment Officers of Jammu and Srinagar stated (April 1985 and August 1985) that the revised procedure could not be adopted due to shortage of staff.

Even in following the old procedure, it was observed that in a large number of cases the candidates had been sponsored in excess of the prescribed number. The Employment Officers, Jammu and Srinagar stated (April 1985 and August 1985) that candidates had been sponsored in excess as past experience had indicated that required number of candidates were not forthcoming from the lists sent to the employers.

In Anantnag exchange, the scheme of selection was not drawn up in respect of lists forwarded during 1983.

3.8.7.2. Criteria of selection in respect of Public Sector Establishments

Selection of candidates for occupational vacancies notified by public sector employers has to be made from the candidates registered in the relevant occupations while in case of general vacancies (Code-'X') names are sent up according to the minimum educational qualifications prescribed by employers. In the latter case, candidates having higher

qualifications are also to be considered on the basis of combined seniority of registration. Special committees to examine the fairness of selection lists were to be constituted at district level.

In three exchanges (Srinagar, Anantnag and Baramulla) it was noticed that in some cases while sponsoring candidates for different posts, by selection from various codes, the criteria of combined seniority of registration had not been observed as per instances given in Appendix 3.2. The Employment Officer, Srinagar stated (August 1985) that efforts had been made to give equitable chances to candidates of all categories on different occasions.

Special committees to examine the fairness of selections made were not constituted in any of the four exchanges test checked in audit for which no reasons were on record. No record of complaints received, if any, from applicants against lists sent to employers/scheme of selection drawn up had been maintained in any of the exchanges test checked in audit. The Employment Officer, Srinagar stated (August 1985) that no complaint had been received by the exchange.

3.8.7.3. Display of schemes of selection

The scheme of selection is to be laid down by the Selection Officer in the prescribed pro forma in duplicate, the original being displayed on the notice board and the duplicate retained in a folder to be kept in his custody. The scheme of selection is to be given in such detail as to enable the applicants to understand clearly the type of applicants who have been sponsored for a particular vacancy. The candidates who are not considered should, thus, be in a position to appreciate as to why they were not so considered.

In all the four employment exchanges test checked in audit, the schemes of selection had not been drawn up for display on notice boards. The Employment Officer, Srinagar stated (August 1985) that the schemes had been displayed on notice board while no record thereof was being maintained.

3.8.7.4. Delay in sponsoring

Selection and forwarding of lists against vacancies notified have to be made by the employment exchanges promptly and within the time limit prescribed by the employers.

In Srinagar Exchange, action had been delayed in a large number of cases for periods extending up to 13 weeks from the dates of in-

interviews and/or the date by which the names were required by employers. The delay was attributed by the Employment Officer, Srinagar to shortage of staff.

3.8.8. Collection and dissemination of Employment Market Information (EMI)

Employment exchanges are responsible for collecting employment market information from public and private sector establishments and also preparing quarterly and annual Area Employment Market Reports containing an analysis of the employment and unemployment trends, imbalances between demand and supply of manpower in different occupations etc. Quarterly reviews of the employment situation and bi-annual reports on occupational-cum-educational pattern of employees are also to be prepared at state level for use by planners, employers and administrators. For enlisting establishments, street surveys have to be undertaken at periodical intervals. A complete record of employment and vacancies has to be built up from prescribed quarterly returns of employers and other records of the exchange in respect of each establishment. The Act provides for inspection of employers' records/documents by an authorised officer for obtaining any information required under the Act and penal action in case of default.

It was noticed that while employment data from the quarterly returns from employers had been compiled, its compilation had been delayed for periods ranging between 2 and 7 months during 1980 to 1984. However, no quarterly or annual area Employment Market Reports had ever been prepared in any of the four exchanges test checked in audit. No reports and reviews for the state as a whole had also been prepared by the State Employment Market Information. As a result, one of the main objectives of the employment service i.e. dissemination of EMI remained unfulfilled.

No street surveys had ever been undertaken to ensure that all employers are enlisted and the lists updated periodically.

Details of employment and vacancies in respect of each establishment had not been maintained in 3 of the exchanges (Srinagar, Bara-mulla and Jammu) while in Anantnag Exchange, the details had been recorded since only March 1984 but without indicating the vacancy position. As a result, the employers who contravened the provisions of the Act remained unidentified.

Inspection of employers' records or documents was not conducted in any exchange area in the State.

The returns containing occupational data had either not been obtained at all or were obtained only from a small fraction of the employers (402 out of 2684 cases in four exchanges).

No action had been taken, in any of the four exchanges, against any of the defaulting establishments for not furnishing the returns. The Employment Officer, Srinagar stated (August 1985) that follow-up action by way of issuing reminders/show cause notices could not be taken due to shortage of staff. Proposal for sanction of additional staff had been mooted by the Directorate in June 1985 but sanction thereto was awaited (July 1985).

3.8.9. Vocational Guidance

The main functions of the employment service with regard to vocational guidance are to provide individual guidance to those requiring such assistance, disseminate occupational information to individuals and groups of individuals and to maintain liaison with the employers and heads of training institutions for developing and promoting placement of suitable applicants in various institutions or in apprenticeship or advertised jobs. Vocational guidance includes individual or group counselling, case studies, career talks and career campaigns. The programme is to be implemented through vocational guidance units at the employment exchanges. Vocational guidance unit at directorate level is to assist in matters of supervision, field training, technical guidance, implementation, inspection and co-ordination of guidance activities at the State level.

Vocational guidance units had neither been set up in the State at District level nor had any proposal for establishing such units been mooted by the Department, reasons called for are awaited. Two vocational guidance units had, however, been set up in December 1979 at divisional level in Srinagar and Jammu. Audit scrutiny of the records of the two Divisional Employment Officers at Srinagar and Jammu revealed that none of the activities of vocational guidance had been carried out except as indicated below :—

S. No.	Divisional Office	Career talks	Distribution of career literature
1.	Srinagar	20 in 1984-85	1185 booklets in 1984-85 (includes distribution made to exchanges).
2.	Jammu	Nil	1464 pamphlets in November 1983.

The Divisional Employment Officer, Srinagar stated (August 1985) that the Divisional Employment Office being situated away from the local employment exchange, the activities of vocational guidance could not be carried out and that only career literature was being distributed.

3.8.10. Job Development

One of the functions of the employment service is to correlate the available manpower with the employment opportunities. For this purpose, an assessment of future employment generation in existing establishments including developing units is to be undertaken by the employment exchanges on a continuous basis. Study of E.M.I. and economic resources is also to be undertaken. The data collected is to be brought out in the form of a hand book indicating manpower and industrial resources of each district with details of population, literacy rate and employment and unemployment statistics and the same updated periodically.

The above functions had not been carried out at all in the State at any level. The Divisional Employment Officer, Srinagar stated (August 1985) that the functions could be undertaken only when staff for the purpose was provided by the department.

3.8.11. Internal Inspection of Exchanges

With a view to ensuring that agreed policies and procedures are implemented, standards maintained and programmes followed and that the effectiveness of the work of exchanges is assessed in order to take appropriate action for bringing about necessary improvements, periodical inspection of employment exchanges is to be carried out by the Directorate at least once in six months.

While each exchange was due to be inspected at least on ten occasions during 1980-81 to 1984-85, 11 out of the 14 exxchanges had been inspected only once*, two exchanges only twice* and one exchange had not been inspected at all. During the inspections carried out, although various procedural irregularities in the functioning of the exchanges had been pointed out, no remedial measures had been taken to avoid recurrence of such irregularities.

3.8.12. Training of staff

For maintenance of efficiency in the department, every member of the staff in the employment exchanges is to be trained in procedures of registration, sponsorship and Employment Market Information

*Excludes surprise checks.

operations. For this purpose, regular training courses are to be organised at National and State level.

While 10 out of 14 Employment Officers were given primary training at National level no training to other members of the staff had been imparted at State or district level so far. While the District Employment Officer, Srinagar stated (August 1985) that action for training of the staff had to be taken by the Directorate, the District Employment Officer, Anantnag stated (August 1985) that need for training the staff had not been felt as the staff was getting trained on the job.

3.8.13. Functioning of Committee on Employment

With a view to advising the State Government on matters relating to employment, creation of employment opportunities and the working of the National Employment Service in the State, a State Committee on Employment and district level committees were constituted by the State Government in June 1966 and December 1969 respectively and subsequently re-constituted in January 1978. The State level committee was required to meet at least once in six months and District level committees once in a month.

Since January 1978, the State level committee which had met only once in October 1979 constituted a sub-committee for reviewing the working of Employment Exchanges. The sub-committee had not met at all so far (July 1985). As for the district level committees, these had not met at all in any of the districts, reasons for which were not on record.

3.8.14. Summing up

The main objectives of setting up of employment exchanges viz., enforcement of the provisions of the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, regarding compulsory notification of vacancies by employers, providing of employment/registration guidance to job seekers and collection and dissemination of employment market information had not been achieved inasmuch as :—

1. The vacancies had not been notified to the concerned employment exchanges by employers of the State Government, quasi-Government Organisations, Local Bodies and by employers of private establishments and no action was taken by the Department to enforce the provisions of the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959.
2. While registering job seekers in different codes, verification of details furnished by them had not been made by Employment Officers in a large number of cases. No record or registration guidance pro-

vided had been maintained in any of the four exchanges test checked in audit.

3. The revised procedure of sponsoring candidates effective from 1st January 1984 had not been adopted in any of the exchanges thereby defeating the objective of improving the selection process. In a number of cases while sponsoring candidates, the criteria of combined seniority of registration had not been observed by the exchanges. Special committees to examine the fairness of selections made had not been constituted in any of the four exchanges, selected in audit. The schemes of selection had not been displayed on notice boards. In Srinagar Exchange, there was delay in sponsoring the candidates for periods ranging up to 13 weeks from the dates of interviews or the dates by which the names were required by the employers.

4. No quarterly or annual Area Employment Market Reports had ever been prepared in any of the four exchanges test checked in audit. No reports or reviews had also been prepared by the State E.M.I. unit for the State as a whole. As a result one of the main objectives of Employment Services to disseminate E.M.I. remained unfulfilled.

While there was delay ranging between 2 and 7 months in compilation of employment data from the quarterly returns obtained from employers, occupational data from employers had either not been collected at all or was collected only in a few cases.

5. The activities of vocational guidance and job development had not been undertaken at all at any level.

6. Staff of employment exchanges had not been imparted training at all.

7. State committee on employment and district level committees did not meet at prescribed intervals for reviewing the working of employment exchanges.

The matters were reported to the Government (November 1985) ; their reply is awaited (April 1986).

Education Department

3.9. Apprentices Training Schemes

3.9.1. Introduction

For regulating and controlling the training of apprentices in different trades Apprentices Act, 1961 was enacted by Parliament. The Act which came into force throughout India except the State of Jammu and Kashmir on 1st March 1962 was extended to the State of

Jammu and Kashmir on 15th August 1968. The main objective of the Act is to utilise fully the facilities available in industries for imparting practical training with a view to meeting the requirements of skilled workers in industries. The Act makes it obligatory for employers in both public and private sector industries to engage apprentices in designated trades according to the ratio of apprentices to workers (other than unskilled workers) determined by the Central Government. The apprentices are to be paid stipend during the period of apprenticeship at a rate not less than the prescribed minimum rate.

3.9.2. Organisational set-up

The Act provides for constitution of a State Apprenticeship Council and appointment of a State Apprenticeship Adviser for carrying out the functions assigned under the Act. The Act also provides for appointment of Deputy and Assistant Apprenticeship Advisers to assist the Apprenticeship Adviser in the performance of his functions.

While the Director, Technical Education, Jammu and Kashmir Government has been appointed as ex-officio State Apprenticeship Adviser in the State, no State Apprenticeship Council has been constituted so far (September 1985), reasons for this are awaited from the State Government. The State Apprenticeship Adviser is assisted by an Assistant Apprenticeship Adviser and other field staff.

Audit scrutiny of the records of the State Apprenticeship Adviser, Srinagar was made in October 1985 and the points noticed during test check are contained in the succeeding paragraphs.

3.9.3. Coverage

For engaging apprentices in designated trades, intensive surveys of establishments in both public and private sectors are to be undertaken for locating the training places and facilities. A complete record of industries/establishments and their intake capacity for apprentices is to be maintained by the Apprenticeship Adviser. The Apprenticeship Adviser is required to issue notices in writing to employers to engage apprentices according to the prescribed ratio.

The number of apprentices which should have been engaged had not been determined by the Department. During the period 1980-85 the number of apprentices engaged in the two districts of Jammu and Srinagar was 544 while in the remaining five districts the number of apprentices engaged was only 78. In the districts of Kathua, Badgam

and Poonch apprentices were engaged in one year during the aforesaid period and the number was less than 10. No apprentices had at all been engaged in other seven districts of the State. Even in the two districts of Jammu and Srinagar, public sector establishments/Government Departments excepting the units of Government Press, State Motor Garages, and Geology and Mining Department located at Jammu and Srinagar, had not been covered at all. State Apprenticeship Adviser stated (December 1985) that efforts would be made to cover most of the establishments to increase the number of apprentices in the State.

It was noticed that no surveys, except in case of some establishments in the districts of Srinagar and Jammu, had been undertaken to identify establishments and industries falling within the purview of the Act. Non-undertaking of the survey was attributed by the State Apprenticeship Adviser (December 1985) to paucity of survey staff.

Against 74 apprentices to be engaged by ten commercial establishments in Srinagar and Jammu districts to whom notices under the Act were issued in December 1981, no one had been engaged. There was nothing on record to show that action had been taken by the Apprenticeship Adviser to enforce engagement of the apprentices under the provisions of the Act.

3.9.4. Allocation and Expenditure

Funds provided and expenditure incurred thereagainst during the year 1980-81 to 1984-85 were as under :—

		Salary and other related office expenses		Stipend to apprentices		Total		
S. No.	Year	Alloca- tion	Expen- diture	Alloca- tion	Expen- diture	Percent- age of short- fall	Out- lay	Expen- diture
(In lakhs of rupees)						(In lakhs of rupees)		
1.	1980-81	1.38	1.16	1.70	1.24	27	3.08	2.40
2.	1981-82	1.43	1.14	1.65	0.77	53	3.08	1.91
3.	1982-83	1.77	1.17	1.65	0.83	50	3.42	2.00
4.	1983-84	1.96	2.04	2.65	1.87	29	4.61	3.91
5.	1984-85	2.19	2.30	4.00	2.52	37	6.19	4.82
Total :		8.73	7.81	11.65	7.23		20.38	15.04

Expenditure on payment of Government's 50 *per cent* share of stipend to apprentices fell short of the allocations by 27 to 53 *per cent* during 1980-81 to 1984-85. The left over provision could have been utilised by engaging more apprentices and bringing more establishments under the purview of the Act. The State Apprenticeship Adviser stated (December 1985) that shortfall was due to the fact that the scheme had been implemented only a few years back and that efforts were being made to increase the number of apprentices.

3.9.5. Practical and Basic Training of Apprentices

Under the provisions of the Act, every employer has to make suitable arrangements in his workshop for imparting a course of practical training of every apprentice engaged by him in accordance with the programme approved by the Apprenticeship Adviser. Such of the apprentices, as have not undergone institutional training in a school or other institution recognised by the National Council, are required to undergo a course of basic training before admission in the workshop for practical training. Whereas in case of establishments employing more than 500 workers, the basic training is to be imparted by the establishment concerned, in the case of establishments having less than 500 workers, the basic training has to be imparted to apprentices in training institutes set up by the Government. Every employer has to maintain a record of the progress of training of each apprentice in prescribed forms and furnish returns thereof to the Apprenticeship Adviser at periodical intervals. The Apprenticeship Adviser is to ensure that practical training is imparted in accordance with the approved programme and he is empowered to inspect the establishments for carrying out the purpose of the Act.

No programme for imparting practical training to apprentices had ever been drawn up by the Apprenticeship Adviser nor were the establishments ever inspected, as per records maintained, to ensure that training was actually being imparted. The employers had not at any stage been directed to maintain record of the progress of training imparted to each apprentice and furnish returns thereof to the Apprenticeship Adviser and no returns had ever been obtained from any of the employer.

Against 622 apprentices engaged during 1980-81 to 1984-85, all of whom being freshers and requiring basic training, only 62 apprentices had been deputed by the State Apprenticeship Adviser to Government Industrial Training Institutes for basic training. Reasons for not deputing other trainees are awaited.

3.9.6. Related Instructions of Apprentices

An apprentice undergoing practical training in an establishment

is to be given a course of related instructions with a view to giving him such theoretical knowledge as he needs so as to become a skilled craftsman. Related instructions at the cost of Government is to be imparted by the employer who has to provide all facilities for imparting such instructions.

No related instructions were on record to have been imparted as neither any expenditure on this account had been borne by the department nor were employers ever directed to provide facilities for imparting such instructions.

3.9.7. Undertaking of Trade Tests

At the end of training every apprentice is required to appear in All India Trade Test for determining his proficiency in the designated trade and apprentices declared successful are awarded a National Apprenticeship Certificate. As per contract of apprenticeship to be executed by every apprentice with the Apprenticeship Adviser under the provisions of the Act, every apprentice has to appear in the proficiency test after conclusion of the training course, failing which the contract is liable to be terminated and the cost of training, as may be determined by the Apprenticeship Adviser, is refundable by the apprentice. As per guidelines issued by the Government of India in March 1983, a minimum of 50 per cent of the vacancies occurring in industries has to be filled in from amongst the persons who are trained apprentices.

The number of apprentices who dropped out, the number due for the All India Trade Test and the number that actually appeared and passed during 1979-80 to 1984-85 were as under :—

S. No.	Year	Number of apprentices due for appearance in the Trade Test	Number of apprentices actually appeared in the Trade Test	Number of apprentices who passed the Trade Test	Percentage of number of apprentices failed to the number that appeared in the Trade Test
1.	1980-81	68	51	24	53
2.	1981-82	134	63	36	43
3.	1982-83	59	54	32	41
4.	1983-84	106	30	18	40
5.	1984-85	106	64	37	42
Total		473	262	147	44

While 37 apprentices had left the training before completion, out of 473 apprentices due for appearance in Trade Test during 1980-81 to 1984-85 as many as 211 (45 *per cent*) apprentices did not appear in the terminal proficiency tests. No action had been taken by the Apprenticeship Adviser against the defaulting apprentices by invoking the provisions of the Act to terminate the contract of apprenticeship and recover the cost of training which amounted to about Rs. 3.22 lakhs* on stipend alone. Reasons for not invoking the provisions of the Act are awaited.

The extent to which trained apprentices were subsequently absorbed in their trades in various establishments had also not been monitored.

3.9.8. Payment of Stipend to Apprentices

Under the provisions of the Act and the rules made thereunder, an employer has to pay to every apprentice stipend not less than the prescribed minimum rate. The stipend for a particular month is to be paid by the employer by the 10th day of the following month. Cost of stipend incurred by an employer employing less than 500 workers is to be borne by the Government and the employer in equal shares.

Records of the Apprenticeship Adviser, test checked in audit, revealed that the Government share of half the stipend had been paid to apprentices directly for periods ranging up to six months at a time on the basis of attendance certificates obtained from the employers. There was nothing on record to indicate whether the matching 50 *per cent* stipend payable by the employers had actually been paid to the apprentices and verified by the Apprenticeship Adviser.

3.9.9. Summing up

The objectives of the Apprentices Act to utilise fully the facilities available in industries for imparting practical training with a view to meeting the requirement of skilled workers in industries were not achieved as is evident from the following observations :—

1. There was shortfall in expenditure ranging between 27 and 53 *per cent* during 1980-81 to 1984-85 in meeting the expenses out of Government's 50 *per cent* share of stipend payable to apprentices.

*On pro rata basis of total expenditure on stipend to number of apprentices not appearing in the Trade Tests.

2. Apprentices had mostly been engaged in the two districts of Jammu and Srinagar. In the other districts the apprentices had either not been engaged at all or only sparingly. No programme for covering various establishments/trades had ever been drawn up nor was any survey conducted to identify establishments falling within the purview of the Act and to ascertain their intake capacity in districts other than Srinagar and Jammu.
3. Programme of imparting practical training to apprentices had neither been drawn up by Apprenticeship Adviser nor had it been ensured that training was actually being imparted.
4. Against 622 apprentices engaged during 1980-81 to 1984-85, only 62 apprentices had been deputed for basic training.
5. No Related Instructions to the apprentices were on record to have been imparted.
6. No action had been taken by the Apprenticeship Adviser to recover the cost of training from apprentices who either left the training before its completion or did not appear in the terminal proficiency tests.
7. The extent to which trained apprentices were subsequently absorbed in their trades in various establishments had not been maintained and monitored.

These matters were reported to the Government (November 1985) ; their reply is awaited (April 1986).

3.10. Adult Education in 15-35 years age-group

3.10.1. Introduction

The National Programme of Adult Education was launched in the State in October 1978 with the objective of bringing literacy to illiterate adult population in the 15-35 age-group so as to enable them to play their role as enlightened citizens and improve their socio-economic status through newly acquired literacy and associated skills. The education imparted under the Programme is, in fact, a package comprising acquisition of basic literacy skills, upgradation of vocational skills for more productive use of time and raising the level of social awareness of the learners. This programme was included in the 20—Point Programme. In the Sixth Five Year Plan, the programme was included in the Minimum Needs Programme envisaging 100 per cent coverage of adult illiterates by 1990. The programme was launched by merging

Centrally sponsored schemes relating to farmers functional literacy and non-formal education which were in operation before the introduction of Adult Education Programme with cent *per cent* assistance from the Government of India.

3.10.2. Organisational set-up

Corresponding to a National Board of Adult Education for overall control of the scheme, a State Adult Education Board initially set up in September 1978 with Chief Minister as its Chairman was reconstituted in February 1984 with the Minister for Education and Social Welfare as its Chairman. At the district level district adult education committees were set up in May 1979 which were reconstituted in June 1984.

The programme is being implemented by the Department through 10 State Adult Education Projects and 6 Centrally Sponsored Rural Functional Literacy Projects in 13 districts, with a Joint Director at the State level. Each project comprises one Project Officer, one Assistant Project Officer and other supervisory staff. Illiterate adults of handicraft centres opened by State Industries Department are also imparted literacy through 4 Centrally Sponsored Rural Functional Literacy Projects and 7 State Adult Education Projects. Funds for the State projects are wholly provided by the State Government.

The records of the Administrative Department, Joint Director Adult Education, Directorate of Education (Boys), Jammu and of eight projects (Anantnag, Badgam, Bandipora, Pulwama, Jammu, Kathua, Udhampur and Dansal) were test checked in audit between November 1984 and March 1985 findings of which are contained in the subsequent paragraphs. The records of the State Resource Centre were also test checked in audit in November 1985 and the points noticed therein are contained in the following paragraphs.

3.10.3. Allocations and expenditure

The allocations made during 1979-80 to 1984-85 for Adult Education Programme of the State including that for non-formal education in handicraft centres and for Central adult literacy projects and ex-

penditure incurred thereagainst was as under :—

S. No.	Year	Adult Education Projects		Rural Functional Literacy Projects						
		Alloca- tions	Expendi- ture	Number of Central Projects sanctioned by Gov- ernment of India	*Amount due to State Govern- ment on sanction ed pro- jects (Rupees in lakhs)	Number of Cen- tral Projects sanction- ed and establish- ed by State Govern- ment	Grants sanc- tioned by Gov- ernment of India	Funds provid- ed in the State Budget	Expendi- ture	Percentage of short- fall in expendi- ture
		(Rupees in lakhs)						(Rupees in lakhs)		
1.	1979-80	N.A.	28.64	6	35.40	4	7.00	7.00	5.37	22
2.	1980-81	33.63	30.59	6	31.20	6	5.00	19.34	15.12	22
3.	1981-82	35.00	34.64	6	31.20	6	22.08	22.08	13.69	38
4.	1982-83	30.74	27.51	8	43.00	6	17.45	17.45	17.09	2
5.	1983-84	32.00	32.00	8	41.60	6	30.59	19.61	18.73	4
6.	1984-85	40.00	37.07	8	68.38	7	27.91	30.00	25.27	16
	Total	N.A.	190.45	42	250.78	35	110.03	115.48	95.27	

*On the basis of Central pattern of assistance.

In respect of projects in the Central sector, the shortfall in expenditure vis-a-vis allocation during 1979-80 to 1981-82 ranged between 22 *per cent* and 38 *per cent* reasons for which were not on record.

Against Central assistance of Rs. 250.78 lakhs due to the State Government from Government of India on the basis of approved pattern during 1979-80 to 1984-85 for 6 to 8 Central projects each of 300 adult education centres, only Rs. 110.03 lakhs could be sanctioned by the Government of India out of which only Rs. 95.27 lakhs were utilized on the programme during the period 1979-80 to 1984-85. The shortfall in utilisation of Central assistance has been mainly due to delay in establishment of sanctioned projects and in setting up of the required number of adult education centres in the established projects. Two additional projects were set up in 1980-81 and against two more additional projects sanctioned by Government of India from 1982-83, sanction of the State Government to the establishment of only one project had been issued in July 1984. Proposals for setting up of the second project were still under consideration of the State Government (December 1984).

Government of India, Ministry of Education had repeatedly emphasized that the strength of each project be raised to 300 adult education centres for which cent *per cent* funds were available from Government of India right from 1979-80. However, proposal for increasing the strength of six Central projects, which ranged between 150 and 250 centres, to 300 adult education centres was mooted by the Department for approval by the Finance/Planning Department only in June 1984. While concurrence of the Finance Department had been obtained in August 1984, approval from the Planning Department was awaited (December 1984). Reasons for not moving the proposals before June 1984 were not on record. Delay in raising the strength of Projects to 300 adult education centres resulted in non-implementation of the programme in full even though funds for it were available from Government of India.

3.10.4. Planning of the Programme and coverage

(a) The State had an adult population* of 14.19 lakhs (7.47 lakh males and 6.72 lakh females) in 1971 out of which 10.10 lakhs (4.29 lakh males and 5.81 lakh females) were illiterate. The population of illiterate adults in 1979 was estimated at 9.87 lakhs. As per 1971 Census, literacy percentage in the State was 18.58 against All India literacy percentage of 29.45.

In October 1978, the Department laid down a target of covering 0.70 lakh illiterate adults during 1978-79 and 1979-80. Against this

*As per 1971 Census.

target only 0.45 lakh illiterate adults had, however, been covered by the end of 1979-80. The Sixth Five Year Plan of the State envisaged a target of covering 5.75 lakh illiterate adults. However, while formulating annual plans from 1980-81 to 1984-85, the target was lowered to 3.65 lakh illiterate adults. Reasons for lowering of targets were not on record.

The year-wise targets fixed and achievements made thereagainst in the coverage of adult illiterates during Sixth Five Year Plan period were as under :—

Year	Number of centres to be established	Number of centres established	Number of illiterate adults to be covered	Number of illiterate adults made literate	Percentage of shortfall in number of adults made literate
			(Lakh)	(Lakh)	
1980-81	3150	3150	0.70	0.45	36
1981-82	3150	3106	0.70	0.37	47
1982-83	3150	3159	0.70	0.52	26
1983-84	3450	3051	0.75	0.69	8
1984-85	3650	3480	0.80	0.66	18

Thus, against the target of covering 3.65 lakh illiterate adults during the period 1980-81 to 1984-85 only 2.69 lakh illiterate adults were made literate, the shortfall coming to about 26 per cent. Based on the population of illiterates at the end of 1983-84 being 12 lakhs as estimated by the State Government, for achieving the national goal of eradicating adult illiteracy by 1990 at least 2 lakh illiterate adults would be required to be covered during each year from 1984-85. Reasons for not phasing the targets accordingly were not on record.

(b) The scheme envisages undertaking of socio-economic and demographic survey before starting the centres so as to identify learners' needs and opening of centres keeping in view the needs of the backward areas particularly Schedule Castes and Schedule Tribes on "compact area approach" basis in one or two contiguous blocks.

Except in one project (Badgam), no socio-economic and demographic survey of the project areas had been undertaken (March 1985) in any of the eight projects test checked in audit. In all these projects, centres were not located on compact area approach basis by covering one or two contiguous blocks at a time or on the basis of required survey.

(c) As per the guidelines of the programme each centre was to be opened with an average enrolment of 30 adult illiterates. In the eight projects the records of which were test checked, the position of centres opened and enrolment of learners for the period from 1979-80 to 1984-85 was as under :—

S. No.	Year	Category	Number of projects reported	Number of centres		Envisaged enrolment at the rate of 30 learners for each opened centre	Actual enrolment			Percentage of shortfall	
				Sanc-tioned	Opened		Male	Female	Total	In open-ing of centres	In enrol-ment
1.	1979-80	Central Project	1	150	150	4500	784	3927	4711	..	..
		State Projects	5	775	695	20850	5349	6765	12114	10	42
		Handicraft Centres	5	158	69	2070	330	520	850	56	59
2.	1980-81	Central Project	1	250	249	7470	421	6247	6668	Negligible	11
		State Projects	5	1015	959	28770	5643	10751	16394	6	43
		Handicraft Centres	5	205	191	5730	2034	1781	3815	7	33
3.	1981-82	Central Projects	3	550	500	15000	5107	7303	12410	9	17
		State Projects	5	1015	918	27540	5047	9487	14534	10	47
		Handicraft Centres	6	309	268	8040	2925	4304	7229	13	10
4.	1982-83	Central Projects	3	550	535	16050	9003	9938	18941	3	..
		State Projects	5	1015	939	28170	5103	11040	16143	7	43
		Handicraft Centres	6	309	286	8580	2237	7060	9297	7	..
5.	1983-84	Central Projects	3	550	544	16320	5684	9035	14719	1	10
		State Projects	5	1015	914	27420	5391	12943	18334	10	33
		Handicraft Centres	6	309	243	7290	1283	4962	6245	21	14
6.	1984-85	Central Projects	3	550	544	16320	4858	10609	15467	1	5
		State Projects	5	1015	1055	31650	5029	14888	19917	..	37
		Handicraft Centres	6	309	303	9090	1566	6790	8356	2	8

It would be seen that apart from the shortfall in the number of centres ranging from 1 to 56 *per cent*, the shortfall in the enrolment of learners in the centres opened under the State projects was pronounced and ranged between 33 and 47 *per cent* during 1979-80 to 1983-84. Special steps such as use of folk dances, festivals, seminars, exhibitions, conferences etc. which could have motivated the illiterate adults to join the centres had not been taken except to the extent of celebrating annual functions in October each year. Project Officers of Jammu, Kathua and Udhampur, however, attributed (March/April 1985) the shortfall in enrolment to non-availability of learners owing to scattered population. The centres were, apparently, not located at places which could attract sufficient number of learners.

3.10.5. Provision of inputs to centres

Under the pattern of assistance laid down by Government of India, each adult education centre had to be provided with basic learning material (one primer, one work book, one slate, two exercise books, supplementary material of two books and slates/pencils) costing Rs. 7.50 per learner, teaching material (one teacher's guide and other teaching charts and aids) costing Rs. 60 per centre and equipment (roll-up black boards) costing Rs. 25 per centre. Contingent expenditure of Rs. 50 per centre had also to be met for a period of ten months.

In eight projects, records whereof were test checked, the number of centres established, expenditure incurred on teaching and learning material and equipment/contingencies vis-a-vis expenditure envisaged to be incurred and the main items of material purchased and issued

to the centres were as under :—

S. Project No.	Period reported	Number of centres established	Enrolment made	Envisaged expenditure for learning and teaching material and for contingencies at the rate of Rs. 135 per centre plus Rs. 7.50 per learner	Funds provided	Expenditure incurred	Main items of material purchased/ issued to centres			
							Primers	Slates	Note books	Roll-up boards
<hr/>										
		(In numbers)		(Rupees in lakhs)			(In numbers)			
<hr/>										
State Projects										
1. Pulwama	1979-80 to 1983-84	1250	20,975	3.26	4.99	2.76	28,000	25,202	36,750	580
							16,243	19,998	28,950	396
2. Anantnag	1979-80 to 1983-84	1598	31,221	4.50	3.97	3.59	39,100	12,230	53,640	225
							36,355	11,155	46,420	225
3. Kathua	1978-79 to 1983-84	1119	20,041	3.01	N.A.	N.A.	11,300	9,796	23,325	445
							9,300	5,800	19,125	250
4. Udhampur	1979-80 to 1983-84	797	14,282	2.15	1.88	1.63	22,650	10,600	30,239	538
							21,204	7,474	27,849	538
5. Dansal	1980-81 to 1983-84	477	9,302	1.34	2.47	1.34	12,079	14,000	9,500	400
							10,800	3,805	3,775	220

S. Project No.	Period reported	Number of centres established	Enrolment made	Envisaged expenditure for learning and teaching material and for contingencies at the rate of Rs. 135 per centre plus Rs. 7.50 per learner	Funds provided	Expenditure incurred	Main items of material purchased/ issued to centres			
							Primers	Slates	Note books	Roll-up boards
		(In numbers)		(Rupees in lakhs)		(In numbers)				
Central Projects*										
1. Bandipora	1980-81 to 1983-84	608	16,582	2.06	1.34	1.33	8,160	12,806	30,845	600
	8,054						12,650	22,133	482	
2. Jammu	1978-79 to 1983-84	1281	36,156	4.44	3.04	2.31	N.A.			
3. Badgam	1981-82 to 1983-84	637	23,241	2.60	1.25	1.25	24,270	5,000	34,303	863
	22,179						5,000	23,007	505	

*Includes position in respect of Adult Education Centres at Handicraft Centres funded by State Government.

It would be seen that except in one project (Dansal) expenditure in all the test checked projects fell short of the expenditure envisaged under the pattern of assistance and in four projects (Pulwama, Anantnag, Udhampur and Jammu) it was even lower than the funds provided.

The expenditure booked included expenditure (Rs. 1.42 lakhs in test checked cases) incurred on ancillaries like printing of statistical forms, office expenses, purchase of sports material, jute matting, sewing machines not envisaged under the scheme.

While no expenditure on contingencies of centres had been incurred in four projects (Badgam, Jammu, Kathua and Dansal), in other projects payments for meeting contingent expenditure for part periods had been made to instructors in cash at rates ranging between Rs. 3 and Rs. 5 per month and no watch over proper utilisation thereof had been kept.

Even though an expenditure of Rs. 4.89 lakhs in three Central projects and an expenditure of Rs. 9.32 lakhs in four State projects had been incurred between 1978-79 and 1983-84 on purchase of teaching and learning material and equipment for centres, physical verification of stocks had not been carried out for working out shortages, if any.

While funds, provided for teaching and learning material equipment and contingencies of centres, were not fully utilized and partly diverted for other purposes, the basic equipment of roll-up boards and basic learning material of primers, slates and note books had not been provided to the centres to full extent. No teaching material (teacher's guide, teaching charts and other teaching aids) had been purchased in any of the eight projects test checked in audit except a few items in three projects (Pulwama, Dansal and Jammu) between 1981-82 and 1984-85. As against an enrolment of 0.81 lakh learners in four projects (Pulwama, Kathua, Bandipora and Badgam) only 0.56 lakh primers had been issued during the reported periods. While each learner was expected to be provided with one work book and two exercise note books, the number of exercise note books issued (0.46 lakh) in three projects (Kathua, Dansal and Badgam) fell considerably short of the number of learners enrolled (0.53 lakh). In a large number of centres basic learning material had either not been issued at all or issued late by four to five months.

3.10.6. Attendance of learners

The attendance of learners in the centres during the quarters

ended March 1982 ,March 1983 and March 1984 was as under :—

S. No.	Quarter reported	Category	Number of projects reported	Number of centres reported	Number of centres with daily attendance of learners over the quarter and percentage of such centres to total number of centres			
					Below 10	10 to below 20	20 to below 30	30 and above
1.	March 1982	Adult Education Centres	17*	2650	191 (7)	1427 (54)	998 (38)	34 (1)
		Handicraft Centres	10	423	29 (6)	210 (50)	114 (27)	70 (17)
2.	March 1983	Adult Eduaction Centres	17*	2630	106 (4)	1362 (52)	1075 (41)	87 (3)
		Handicraft Centres	11	455	5 (1)	188 (41)	207 (46)	55 (12)
3.	March 1984	Adult Education Centres	16**	2616	18 (1)	964 (37)	1475 (56)	159 (6)
		Handicraft Centres	11	392	2 (1)	116 (29)	241 (61)	33 (9)

* Includes 6 Central projects.

** Includes 5 Central projects.

The percentage of centres with daily attendance of learners below 20 ranged between 30 and 61 during the quarters ended March of respective years from 1982 to 1984. No action had been taken by the respective projects to encourage the attendance of learners in the centres.

3.10.7. Supervision of centres

For regular and effective supervision of centres, each project was provided with the supervisor for every 30 adult education centres. A supervisor was required to visit each centre at least once a month and record the visit on the attendance register of the centre. Each project was also provided with a vehicle for use in project areas to facilitate proper monitoring and supervision of adult education centres.

The position of supervisory visits of some of the selected centres

in the eight projects covering 740 centres test checked was as under :—

S. Project No.	No. of centres test checked	Period	No. of centres visited by							
			Supervisors				Project/Assistant Project Officer			
			Not at all	1-5 times	6-10 times	More than 10 times	Not at all	1-5 times	6-10 times	More than 10 times
Central projects										
1. Bandipora	26	1981 to 1984	..	26	..	..	..	26	..	..
2. Badgam	65	1979 to 1984	..	14	44	7	47	18	..	..
3. Jammu	97	1979 to 1984	..	23	56	18	58	39	..	..
State projects										
1. Pulwama	60	1981 to 1984	..	19	31	10	41	19	..	..
2. Anantnag	71	1980 to 1984	..	23	35	13	57	14	..	..
3. Kathua	101	1979 to 1984	2	20	47	32	32	67	2	..
4. Udhampur	138	1979 to 1984	11	58	62	7	76	61	1	..
5. Dansal	182	1979 to 1984	1	62	103	16	120	61	1	..
Total	740		14	245	378	103	431	305	4	..

It would be seen that out of 740 centres, as many as 259 centres (35 *per cent*) were visited only up to 5 times when the centres should have been visited at least on 10 occasions during the course of 10 months and as many as 431 centres (58 *per cent*) were not visited at all by the Project Officer/Assistant Project Officer. Dossier of achievements made by each learner at the end of each month, required to be recorded in the attendance register of centres, had not been maintained in any case for watching the progress of each learner and for using it as a check point during visits by supervisory staff. No steps were taken to enforce regular checks/visits to centres.

It was seen that 7 vehicles purchased by the projects at a cost of Rs. 4.50 lakhs were used only partially (50 *per cent*) for the purposes of monitoring and supervision of adult education centres in the project areas. Over 50 *per cent* usage of the vehicles was made by other departments or by other wings of the Education Department not in connection with the Adult Education Programme leading to less frequency of visits by the Project Officer/ Supervisors. Pay and allowances of the drivers and maintenance cost of the vehicles were, however, borne by the respective projects.

3.10.8. Training of functionaries

For successful implementation of the programme, the scheme envisaged imparting of training to project functionaries at State and project level. Instructors were to be imparted training for 21 days at project level in collaboration with the district institute of education.

Number of instructors trained and the number of days for which training was imparted at project level in seven projects, test checked

in audit, was as under :—

S.No.	Project	Instructors appointed		Period in which trained	Number of instructors trained	Number of days for which training imparted
		Period	Number			
Central Projects						
1.	Bandipora	1981-82 to 1984-85	593	November 1983	83	7
2.	Jammu	1978-79 to 1984-85	1472	Februrary 1981 and March 1981	223	10
State projects						
1.	Pulwama	1979-80 to 1984-85	1525	March 1980, February 1981 and October 1983	686	3 to 10
2.	Anantnag	1978-79 to 1983-84	1658	1980-81 to 1981-82 and 1983-84	1047	9 to 10
3.	Kathua	1978-79 to 1983-84	1119	February 1980	119	10
4.	Udhampur	1979-80 to 1984-85	968	February and March 1981	135	10
5.	Dansal	1979-80 to 1984-85	712	February 1981	143	10
Total			8047		2436	

It would be seen that against 8047 instructors engaged in 7 projects during 1978-79 to 1984-85 as many as 5611 instructors (70 per cent) were not trained at all. Even the number trained were imparted training for number of days ranging between 3 and 10 as against 21 days envisaged under the scheme. Reasons for not imparting required training was attributed by Project Officers to non-provision of funds for the purpose. Reasons for not providing funds are awaited. Evidently, the services delivered by the untrained instructors could not have been of the desired standard.

3.10.9. Evaluation of Learners

The scheme envisages attaining of literacy and vocational skills and social awareness by the learners. The standards laid down stipulate attainment of literacy skill of reading with comprehension of 30 to 40 words per minute and writing from dictation and self-expression with a speed of 8 to 10 words per minute. Learners on attaining the prescribed level of skills had to be declared neo-literate and given a certificate in the form of 'learners cards'.

In four projects (Pulwama, Badgam, Bandipora and Jammu), no evaluation of learners had ever been done and all learners enrolled and attending the centres had been shown to have completed the course successfully and were declared 'neo-literates'. In three projects (Anantnag, Dansal and Kathua), the evaluation sheets did not indicate whether the evaluation made had been done with reference to the prescribed standards of literacy skills. No model papers had been used for ascertaining the level of skills attained by the learners during evaluation of learners. In one project (Udhampur) where evaluation had been done from 1982-83 by recording the level of literacy skills attained by the learners on evaluation sheets, test check indicated as under :—

Number of centres test checked	Number of learners evaluated	Number of learners having reading speed per minute ranging between 2 and 24	Number of learners in whose cases writing speed was recorded more than the reading speed
75	1301	1221	60

It would be seen that a very large number of learners had been treated as neo-literates even though their level of literacy was far below the standards laid down. In almost all cases, test checked, the learners had been shown possessing same speeds of reading and writing. In

some cases, writing speed had been indicated much above the reading speed of a learner. This evidently indicates that evaluation of learners had not been done correctly and learners declared neo-literates had not attained the laid down standards.

3.10.10. Post-literacy and follow-up programme

Post-literacy and follow-up programme designed for neo-literates envisages reinforcement of literacy skills in its use in daily life, improvement of vocational skills and initiating their learning about supplemental employment. The objective of the programme is to prevent neo-literates from lapsing into illiteracy and to make them self-reliant and induct them into a process of continuing education.

No follow-up programme for neo-literates with a view to preventing their lapsing into illiteracy had been evolved and implemented in the State so far (January 1985). Provision of Rs. 2 lakhs made for the first time for this purpose in June 1984 had not been utilized so far (January 1985). With delay in the implementation of the follow-up programme, lapsing of neo-literates into illiteracy remained unprevented. Reasons for delaying the implementation of the programme were not on record.

3.10.11. Monitoring and evaluation

The State Adult Education Board met only once in April 1984. A State level steering committee for monitoring and co-ordinating the programme which was constituted in June 1984 had not met so far (December 1984). The district adult education committees had also not met (March 1985) in eight projects test checked in audit except once in July 1984 in Udhampur district. The objective of providing guidelines for taking measures to create general awareness about the programme among the people and for affecting co-ordination at various levels has thus remained unfulfilled.

While the implementation of the programme had been monitored by the Department by obtaining quarterly and annual progress reports from the respective Project Officers, no periodical evaluation of the implementation of the programme had ever been undertaken by the Department for taking feed back action. However, field study undertaken by Planning and Development Department in 1979 in respect of 48 learners of 16 centres revealed that only 60 per cent of the selected learners who had completed the course of adult education could read a book or a newspaper, 44 per cent had acquired the

capability of keeping their house hold records and only 29 *per cent* had acquired the knowledge of elementary numericals. No action on the evaluation report issued in February 1980 had been taken by the Department so far (February 1985) for improving the capabilities of learners and neo-literates.

3.10.12. Other points of interest

Payment of honorarium to instructors

Each instructor running a centre had to be paid an honorarium at the rate of Rs. 50 per month for 10 months in a year. Test check in eight projects revealed that in four projects (Jammu, Kathua, Udhampur and Dansal) honorarium had been disbursed either on quarterly basis or after periods of 2 to 5 months. While Project Officer, Adult Education, Jammu stated (March 1985) that payment was being made on quarterly basis on the request of supervisors and instructors, the Project Officer, Adult Education, Udhampur stated that honorarium had been paid after periods of 2 to 5 months after assessing the achievements of the centres. In these four projects, bank accounts had been operated for making disbursement of honorarium in contravention of financial rules. In two projects (Jammu and Dansal) undisbursed cash balances of honorarium amounting to Rs. 0.02 lakh to Rs. 0.12 lakh had been kept in bank for periods ranging up to 45 months.

In other four projects (Pulwama, Anantnag, Badgam and Bandipora) acquittance rolls had not been kept at project level. In Pulwama Project, the acquittances had also not been attested by the Project Officer (between April 1981 and December 1982) in Kellar and Koil clusters and from December 1983 in all clusters.

3.10.13. State Resource Centre

With a view to providing resource inputs to State Adult Education Programme in terms of production of learning/teaching material, imparting of training and evaluation of adult education programme, a State Resource Centre was set up by University of Kashmir in September 1978 under the aegis of University Grants Commission (U.G.C.). Against an amount of Rs. 8.32 lakhs (Rs. 4.40 lakhs from U.G.C., and Rs. 3.92 lakhs from State Government) received by the Centre during 1978-79 to 1984-85, an expenditure of Rs. 11.48 lakhs was incurred by the centre.

Out of Rs. 3.92 lakhs received from the State Government, an amount of Rs. 2.75 lakhs was received by the centre for printing of learning material against which an expenditure of only Rs. 2.25 lakhs was incurred while an amount of Rs. 4.79 lakhs was collected as sale proceeds of printed material as indicated below. Value of printed material in stock as on 31st March 1985 was Rs. 3.00 lakhs.

Serial number	Year	Funds received from the State Government for printing of learning material	Expenditure incurred	Collections from sale of material
(Rupees in lakhs)				
1.	1979-80	1.50	0.04	Nil
2.	1980-81	0.75	0.90	0.84
3.	1981-82	Nil	0.30	0.57
4.	1982-83	Nil	0.29	1.02
5.	1983-84	Nil	Nil	0.81
6.	1984-85	0.50	0.72*	1.55
Total		2.75	2.25	4.79

Reasons for fixing the cost of printed material produced on higher side could not be assigned. Out of an amount of Rs. 4.79 lakhs collected as sale proceeds of printed material an amount of Rs. 2.16 lakhs was lying unutilized since March 1985.

Test check also revealed that various material printed by the centre had not been sold by the centre and had been lying in stock for a long time and remained unutilized.

3.10.14 Non-formal Education for women and girls

For improving socio-economic status of women and ensuring their active participation in development programmes, the programme of non-formal education for women and girls was introduced in 1982-83 in collaboration of UNICEF.

*Includes Rs. 0.20 lakh incurred from sale proceeds of printed material.

In the State, the State Resource Centre received aid material/equipment valuing Rs. 16,095 free of cost from UNICEF during 1983-84 for the implementation of the programme. The scrutiny of the records of the State Resource Centre by Audit, however, revealed that no programme of non-formal education for women and girls had been implemented by the State Resource Centre resulting in non-utilisation of aid material/equipment received by the centre. Reasons for not implementing the programme are awaited.

3.10.15 Summing up

Against a Central assistance of Rs. 2,50.78 lakhs due to the State from Government of India for Central Projects during 1979-80 to 1984-85, only Rs. 1,10.03 lakhs could be sanctioned by the Government of India out of which Rs. 95.27 lakhs were utilized on the programme during the period. The shortfall in Central assistance was due to non-establishment of projects and non-raising of the strength of Central projects to the level of 300 centres per project. In the State sector an expenditure of Rs. 1,90.45 lakhs was incurred during 1979-80 to 1984-85.

The original target for the Sixth Five Year Plan of covering 5.75 lakh illiterate adults was subsequently scaled down to 3.65 lakhs. Against the target of covering 3.65 lakh illiterate adults during 1980-81 to 1983-84 the achievement was only 2.69 lakhs. There was shortfall in opening of centres under State projects ranging generally up to 56 per cent and in enrolment of learners ranging between 33 and 47 per cent in eight projects test checked.

While funds provided for teaching and learning material and for equipment and contingencies of centres in 8 test checked projects were not fully utilized and partly diverted for other purposes, the basic equipment of centres and basic learning material for learners had not been provided to the centres to the full extent. No teaching material had been purchased in these projects. In a large number of centres basic learning material had either not been issued at all or their issues delayed up to five months.

Attendance of learners in centres was low with 29 to 54 per cent having number of learners below 20 per centre.

Vehicles provided to the projects for monitoring and supervision of centres had been used only partially (50 per cent) for the purpose.

Against 8047 instructors engaged in seven projects during 1978-79 to 1984-85 as many as 5611 instructors (70 per cent) were not trained, at all.

While learners enrolled and imparted education were either not evaluated at all in 4 out of 8 projects test checked, evaluation in other

4 projects had not been made according to laid down literacy standards.

No follow-up programme for neo-literates had been implemented in the State so far (January 1985).

No periodical evaluation of the implementation of the programme had been undertaken.

Against an amount of Rs. 8.32 lakhs received during 1978-79 to 1984-85 (Rs. 4.40 lakhs from University Grants Commission and Rs. 3.92 lakhs from State Government) an expenditure of Rs. 11.48 lakhs was incurred by the State Resource Centre. Against Rs. 2.75 lakhs received from the State Government for printing of learning material an expenditure of Rs. 2.25 lakhs was incurred while the sale proceeds and value of unsold stock was Rs. 7.79 lakhs. The value of unsold stock as on 31st March 1985 was Rs. 3 lakhs.

The programme of non-formal education for women and girls was not carried out.

The matters mentioned above were reported to Government in August 1985 ; their reply is awaited (September 1986).

3.11. Universalisation of Elementary Education

3.11.1. Introduction

The programme of 'Universalisation of Elementary Education' which brings in its ambit children in the age-group of 6-14 years has been in operation in the State since 1950-51. By the end of the Fifth Year Plan period, whereas about 95 per cent boys and 51 per cent girls in the age-group of 6-11 years had been covered, achievement in the age-group of 11-14 years was, however, only 57 per cent and 27 per cent respectively. The Sixth Five Year Plan assigned high priority to the programme especially in the nine educationally backward States including Jammu and Kashmir. The programme has also been included in the new 20-Point Programme and aims at achieving complete coverage of all children in the age-group of 6-14 years by 1990.

3.11.2. Organisational set-up

The programme is implemented by the Department of Education through its two Directors at Jammu and Srinagar and District Education Officers at district level.

3.11.3. Targets and Achievements

Rupees 17.50 lakhs were provided for implementation of various schemes under the programme during Sixth Five Year Plan period.

Physical and financial targets and achievements in respect of the more important schemes of the programme are given in the table below :—

Sl. No.	Name of the Scheme	Allocation in the Sixth Plan	Expenditure ending March 1985	Target	Achievement ending March 1985	Percentage of Physical achievement to targets
		(Rupees in lakhs)		(In numbers)		
1.	Opening of New Primary schools	143.00	161.55	1352	391	28.9
2.	Upgradation of Primary schools to Middle schools	585.00	575.36	Addition of 6th class 560 7th Class 720 8th Class 888 <hr/> 2168	104 125 475 <hr/> 704	18.6 17.4 53.5 <hr/> 32.5
3.	Provision of additional teachers	507.30	658.77	6705	1474	22.0
4.	Opening of Part-time centres	43.91	48.46	3354	968	28.9
5.	Free supply of text books and stationery	18.50	18.95	160610 (students)	178575 (students)	111.2
6.	Free supply of uniforms	19.00	18.56	64793 (students)	37954 (students)	58.6
7.	Development of science education (Supply of science kits)	14.91	16.85	Primary 4445** Middle 1312**	4004 93**	N.A. N.A.
8.	Enrolment drive	2.00	2.21	89** blocks	9** blocks	
9.	UNICEF-aided Projects	4.80	2.29	N.A.	N.A.	
10.	Construction of school buildings—					
	(i) Through P.W.D.	228.02	194.82	N.A.	N.A.	
	(ii) Through local initiative	166.69	186.13	N.A.	N.A.	

*Expenditure and physical achievements include anticipated and not actual figures for 1984-85.

**Relate to Kashmir Division only.

It would be seen that whereas the financial targets have nearly been achieved, there is huge shortfall in the achievement of physical targets indicating that the results have not been commensurate with the expenditure.

All the above schemes are financed from State Plan. In addition to the following three Centrally sponsored schemes sanctioned for implementation, only two were implemented.

3.11.3.1. Experimental Projects on Non-formal Education for children of 6-14 years age-group (NFE)

(i) The scheme was introduced in the State from 1981-82 with the expenditure shared equally between the Central and State Governments. It envisaged imparting of education to those children of the community who could not attend the formal schools and also for those who had dropped out from these schools.

According to instructions of Government of India expenditure was to be incurred on the following items of the scheme :—

S. No.	Name of the Scheme	1982-83	1983-84	1984-85
(Rupees in lakhs)				
1.	Strengthening of directorate of education	0.30	0.30	0.30
2.	2 Posts of Deputy Directors	0.30	0.30	0.30
3.	Supervision cost	2.16	2.34	2.24
4.	Teacher cost	15.12	16.38	15.63
5.	Teaching material	0.72	1.26	1.12
6.	Contingency expenditure	4.20	4.55	4.34
7.	Equipment in centres	3.00	3.25	4.76
8.	Setting up/strengthening of SCERT Programme			
	(i) Survey	0.10	..	..
	(ii) Preparation try-out and printing of curricula and instructional materials, number of titles etc.	3.65	3.65	3.65
	(iii) Development of training modules	0.10	0.10	0.10
	(iv) Number of orientation courses for various categories	0.12	0.12	0.12
	(v) Number of courses for N.F.E. Teachers	1.55	1.55	1.55
	(vi) Arrangement for regular monitoring/evaluation	0.05	0.05	0.05
Total :		31.37	33.85	34.16

The Central Government had released an amount of Rs. 14.44 lakhs on the scheme during 1981-82 also, but as no expenditure was incurred out of it, the amount was allowed to be carried forward to the year 1982-83. According to the norms of the scheme, the Central and State Governments had to provide funds to the extent of Rs. 15.68 lakhs, Rs. 16.92 lakhs and Rs. 17.08 lakhs each during the years 1982-83, 1983-84 and 1984-85 against which the funds actually released and expenditure incurred thereagainst were as under :—

S. No.	Year	Allocation			Expenditure			Percent- age of Expen- diture	Un- spent balance out of Central share
		Central share	State share	Total	Central share	State share	Total		
(In lakhs of rupees)									
1.	1980-81	Nil	9.00	9.00	Nil	6.39	6.39	71.0	Nil
2.	1981-82	14.44	9.38	23.82	Nil	8.16	8.16	34.3	14.44
3.	1982-83	15.53	8.93	24.46	2.55	7.86	10.41	42.6	12.98
4.	1983-84	15.53	10.05	25.58	9.28	9.71	18.99	74.2	6.25
5.	1984-85	16.93	16.34	33.27	6.25	N.A.	6.25	18.8	10.68

Note :- The Central shares include unspent balances of previous years.

Details of expenditure incurred during the year 1982-83 out of Central share of funds were as follows :—

(Rupees in lakhs)

(i) On teaching material	0.22
(ii) On contingent expenditure	1.36
(iii) On equipment in centres	0.97
Total	2.55

As for other years, details of expenditure out of both Central and State shares were not available.

(ii) Government of India inter alia envisaged appointment of a full time officer of the level of Joint Director who would be overall incharge of N.F.E. Programme for children of 6-14 years age-group and facilitate

effective implementation of the Programme. No such officer was, however, exclusively entrusted with the responsibility of looking after the programme which resulted in its in-effective implementation as is evident from the fact that only 34.3 per cent to 74.2 per cent of the funds provided were utilized.

The Government stated (October 1985) that the funds available under Centrally sponsored schemes could not be utilized for want of approval by the Planning/Finance Department and that the funds were generally released late by the Central Government and its credit into the State exchequer also took some time.

3.11.3.2. Setting up of Non-formal Education Centres exclusively for girls

The scheme was introduced by Government of India from October 1983 on 90 : 10 sharing basis between Central and State Governments. Main objective of this scheme was to enrol more girls in schools so that the wide gap existing in the ratio of enrolment between boys and girls in schools could be bridged. Government of India released Rs. 1.65 lakhs during 1983-84 and 1984-85 to the State Government under this scheme against which expenditure incurred was Rs. 0.64 lakh (during 1984-85 only).

No provision for the matching 10 per cent had been made by State Government. The Central assistance of Rs. 0.64 lakh for 1983-84, was distributed to the two Directors in January 1985.

The State Government established 60 non-formal educational centres exclusively for girls in the State (30 each in Jammu and Kashmir divisions) during the year 1983-84 and no proposals were made for opening more centres during 1984-85.

3.11.3.3. Appointment of women teachers in primary schools

This scheme was introduced by the Government of India for 1983-84 and 1984-85 in the first instance. Main objective of the scheme was to attract and enrol more girl students in primary schools to increase the female-male enrolment ratio. Expenditure on the scheme was to be shared on 80 : 20 basis between Central and State Governments. The scheme was not implemented ending 1984-85 despite the Central Government having released Rs. 20.16 lakhs in July 1984.

The Government stated (October 1985) that the scheme had been approved by the Government during the current year and that the

orders for appointment of female teachers had already been issued. In July 1986 the Government, however, stated that the posts of teachers created under the scheme had been referred for selection of candidates to the Subordinate Service Recruitment Board.

3.11.3.4. Central Commodity Assistance Programme

Under this scheme, paper was procured as gift from Government of Sweden through State Trading Corporation of India. This paper was to be utilized for the production of learning/teaching materials only for non-formal education. As the Board of School Education in Jammu and Kashmir has been entrusted with the job of production of text books for formal system of education, production of learning/teaching material for non-formal education out of the gifted paper was also entrusted to the Board. The following qualities/quantities of paper were received (as worked out by Audit) by the Board during the years 1981-82 to 1983-84.

Glazed news print paper	126.812 tonnes
Offset printing paper	32.944 tonnes
Cover paper	18.971 tonnes

Out of this, 940 reams (about 15 tonnes) of paper were loaned to the University of Kashmir for the production of books on Adult Education and the balance was distributed among various printers/publishers for the production of text books for use in formal education only. No paper was utilized for the intended purpose.

As reported by the State Board of School Education, the paper was loaned to the University of Kashmir because the concessional paper allotted by the Government for the purpose had not been made available by the mills. The paper so loaned was yet to be recovered (December 1986). As for diversion of paper for production of text books for formal education, it was stated that the State Education Department had not provided material for printing of books of non-formal education in time.

1178 reams (about 18.798 tonnes) of paper were stated (July 1986) by the State Board of School Education to have been damaged either at the Bombay port or during transit from Bombay to Delhi.

3.11.4. Achievement of the basic objective of the Programme

The following tables give the projected population of children in the age-groups of 6-11 and 11-14 years, targets fixed for enrolment and actual achievement during the years 1980-81 to 1984-85.

TABLE—I—Formal Education

(Inclusive of figures in Table II)

6—11 years

Sl. No.	Year	Population			Achievement			Percentage of achievement to population		
		Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
(In lakhs)										
1.	1980-81	3.50	3.68	7.18	3.50	1.98	5.48	100	53.8	76.3
2.	1981-82	3.49	3.72	7.21	3.75	2.15	5.90	107.4	57.8	81.8
3.	1982-83	3.48	3.76	7.24	3.98	2.33	6.31	114.4	62.0	87.2
4.	1983-84	3.52	3.82	7.34	4.25	2.54	6.79	120.7	66.5	92.5
5.	1984-85	3.56	3.88	7.44	4.45	2.76	7.21	125.0	71.1	96.9

Terminal target (1980—85)

Boys	Girls	Total
4.63	3.00	7.63

4.45 2.76 7.21

94.5
(to target)

TABLE—I—Formal Education —Concl'd.

(Inclusive of figures in Table II)

11—14 years

Sl. No.	Year	Population			Achievement			Percentage of achievement to population		
		Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
(In lakhs)										
1.	1980-81	1.98	2.00	3.98	1.20	0.55	1.75	60.6	27.5	44.0
2.	1981-82	1.99	2.03	4.02	1.26	0.63	1.89	63.3	31.0	47.0
3.	1982-83	1.99	2.06	4.05	1.32	0.64	1.96	66.3	31.0	48.4
4.	1983-84	2.01	2.02	4.03	1.52	0.72	2.24	75.6	35.6	55.6
5.	1984-85	2.04	2.06	4.10	1.61	0.81	2.42	78.9	39.3	59.0
Terminal target (1980-85)										
		Boys	Girls	Total						
		1.50	0.99	2.49	1.61	0.81	2.42			97.2 (to target)

Table—II

Coverage of Scheduled Caste/Scheduled Tribe Children

S. No.	Year	Population			Target			Achievement		
		Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
(In lakhs)					Percentage					
6-11 Years										
1.	1980-81	0.35	0.32	0.67	0.28	0.15	0.43	0.29	0.16	0.45
								103.6	106.7	104.7
2.	1981-82	0.35	0.33	0.68	0.29	0.17	0.46	0.30	0.17	0.47
								103.4	100.0	102.2
3.	1982-83	0.36	0.33	0.69	0.30	0.19	0.49	0.32	0.17	0.49
								106.7	89.5	100.0
4.	1983-84	0.36	0.34	0.70	0.32	0.22	0.54	0.35	0.20	0.55
								109.4	90.9	101.9
5.	1984-85	0.37	0.34	0.71	0.34	0.24	0.58	0.37	0.22	0.59
								108.8	91.7	101.7

TABLE—II—Concld.

Coverage of Scheduled Caste/Scheduled Tribe Children

Sl. No.	Year	Population			Target			Achievement		
		Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
		(In lakhs)						Percentage		
11-14 Years										
1.	1980-81	0.17	0.17	0.34	0.08	0.03	0.11	0.08	0.03	0.11
								100.0	100.0	100.0
2.	1981-82	0.18	0.17	0.35	0.09	0.04	0.13	0.09	0.03	0.12
								100.0	75.0	92.3
3.	1982-83	0.18	0.17	0.35	0.11	0.05	0.16	0.10	0.04	0.14
								90.9	80.0	87.5
4.	1983-84	0.18	0.18	0.36	0.12	0.07	0.19	0.12	0.05	0.17
								100.0	71.4	89.5
5.	1984-85	0.18	0.18	0.36	0.13	0.09	0.22	0.13	0.06	0.19
								100.0	66.7	86.4

Table—III

S No.	Year	Coverage of Children under Non-formal education								
		Target			Achievement			Percentage of achievement to target		
		Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
		<i>(In lakhs)</i>								
1.	1980-81				0.12	0.07	0.19			
2.	1981-82				0.14	0.10	0.24			
3.	1982-83				0.15	0.12	0.27			
4.	1983-84				0.15	0.14	0.29			
5.	1984-85				N.A.	N.A.	0.35			
	Terminal target (1980-85)									
		0.35	0.43	0.78	N.A.	N.A.	0.35	N.A.	N.A.	44.9

From the foregoing tables it would be seen that—

(i) Achievement shown in respect of boys in 6-11 years age-group is more than their projected population which indicates that the population and/or achievement figures are unreliable or else, inflated.

The Government stated (October 1985) that the enrolment figures include the under-age and over-age children studying in I-V and VI to VIII classes and that the gross enrolment ratios are worked out on the presumption that the age of all the children studying in I-V classes is 6-11 years.

(ii) The basis of fixation of targets was not on record.

It was, however, stated by the Government (October 1985) that the targets are fixed on the basis of the achievement made during the previous year, additional inputs proposed to be provided and the target date for achieving the goal of universalisation of elementary education.

(iii) Achievement in respect of enrolment of girls was particularly low.

The reasons for low enrolment had not been investigated at any stage. No special drive for enrolment of girls had been made.

(iv) There were heavy shortfalls in the achievement of enrolment targets in respect of non-formal education as also of children belonging to Scheduled caste/Scheduled tribe communities.

In order to make the enrolment drive effective, the guidelines issued by National Institute of Planning and Administration envisaged conducting of door to door campaigns by school teachers two or three months before commencement of the academic year to identify and register children who should enrol themselves in the schools from the new academic year. No such details were available with the Directorate.

3.11.4.1. Drop-out percentage

Drop-out percentage of children (class-wise) in elementary schools during different years was as under :—

Year	I	II	III	IV	V	VI	VII	VIII
1974-75	100	30.94						
1975-76	100	27.56	40.76					
1976-77	100	25.40	39.73	47.76				

Year	I	II	III	IV	V	VI	VII	VIII
1977-78	100	21.21	35.77	44.86	48.95			
1978-79	100	27.92	31.21	43.01	47.87	50.55		
1979-80	100	30.15	34.37	40.68	44.64	49.38	56.63	
1980-81	100	28.05	39.52	39.44	46.08	49.10	56.70	59.73
1981-82	100	27.93	34.26	11.08	41.23	47.40	52.68	58.01
1982-83	100	26.47	45.43	38.78	44.85	44.51	52.49	56.46

An exercise to ascertain the causes for high incidence of drop-outs (in girls schools only) was made by the department during a sample survey of three districts of Baramulla, Doda, and Kargil during which views of panchayat bodies and parents were solicited.

The major reasons for drop-outs from schools given were poverty, non-availability of girls schools, illiteracy of parents, lack of adequate facilities in schools and unsuitable school timings.

No complete survey was conducted to ascertain the causes of drop-outs in boys schools nor were any remedial measures taken to remove the bottlenecks so as to ensure retention of optimum number of children in schools.

The Government stated (October 1985) that there being no crucial problem of non-enrolled of boys in the State there was no need to conduct a separate study for them.

3.11.5. Implementation of the Programme

Records relating to the implementation of the programme were examined in the Secretariat, Education Department, Directors of Education, Srinagar and Jammu and the District Education Officers at Kupwara, Baramulla, Anantnag, Jammu, Kathua, and Udhampur. The points noticed are contained in the succeeding paragraphs.

3.11.5.1. Opening of new schools

Primary schools were to be opened within easy walking distance of 1km between the home of every child and each schoolless habitation having a population of not less than 100. During Sixth Five Year Plan period, 1352 new schools were targeted to be opened against which only 391 schools were actually opened till February 1985. Re-

cords did not reveal any identification of schoolless habitations having been done in pursuance of the criteria referred to above. Even though 100 schools were sanctioned for opening during the year 1984-85, no school was actually opened till February 1985 owing to non-selection of habitations for establishing the schools.

An essential requirement for opening/viability of schools was that minimum roll of the school should not be less than 10. In case the roll fell below 10 such schools were to be declared defunct and amalgamated with other nearest viable schools. It was, however, noticed during the test check, that as many as sixty five primary schools in three districts did not fulfil the above viability test but no action had been taken to close down these schools, or amalgamate them with other viable schools, with the result that the services of sixty eight teachers holding charges of these schools were not fully utilised.

3.11.5.2. Upgradation of primary schools to middle schools

The norm fixed by the Government for upgradation of primary schools was that no child should have to walk more than three kms. for attending a middle school. Accordingly, 2168 primary schools were targeted to be upgraded (560 to VIth class, 720 to VII class and 888 to VIIIth class) during the Plan period against which only 704 schools (104 to VIth, 125 to VIIth and 475 to VIIIth class) were upgraded. The shortfall was much more in Jammu division where against 1546 schools (360 to VIth, 575 to VIIth and 611 to VIII class) to be upgraded only 371 (68 to VIth, 58 to VIIth and 245 to VIIIth class) were actually upgraded. A test check of records (School Directorates) in four districts revealed that distance from primary to the nearest Middle or High schools in most of the cases ranged between 4 and 40 kms as against the norm of 3 kms.

3.11.5.3. Provision of additional teachers

According to the norms for provision of teachers on the basis of number of children in each school 6705 teachers were to be provided to elementary schools during the Sixth Five Year Plan against which only 1474 (22 *per cent*) teachers had been provided. To tide over the situation a shortage of teaching staff in schools, to some extent, the Government sanctioned creation of 500 posts of teachers during 1984-85 (200 posts for Kashmir division and 300 posts for Jammu division). No appointment had been actually made so far (February 1985) against these posts.

According to the norms the teacher-pupil ratio for primary and middle schools was to be maintained at 1 : 35 and 1 : 30 against which the ratio maintained in the State was 1 : 28 and 1 : 21 respectively. During test check, it was, however, noticed that in individual schools the ratio had not mostly been maintained inasmuch as in some cases the ratio went even up to 1 : 107 while in some cases it was as low as 1 : 3 as per instances given in Appendix 3.3.

It was also seen during test check of records of five districts that as many as 12 primary schools with rolls ranging between 15 and 74 had not been provided with a single teacher.

3.11.5.4. Opening of part-time centres

For supplementing formal system of education, State Government introduced non-formal system of education through part-time centres. These centres were meant for those children of the society who could not for some reason attend formal schools during regular timings.

Sixth Five Year Plan envisaged opening of 3354 part-time centres (1597 in Kashmir and 1757 in Jammu) against which only 968 centres (530 in Kashmir and 438 in Jammu) were actually opened. The Government stated (October 1985) that orders regarding opening and upgrading of schools and the appointment of additional teachers etc. were issued by the District Development Boards and that the District Development Boards and the Recruitment Board took their time in deciding location of schools and the selection of teachers.

The following other points regarding working of part-time centres were noticed :—

- (i) Instructors appointed in most of the centres did not fulfil the minimum educational standards set by the Government.
- (ii) The issue of books, stationery etc. was not regulated according to the number of students in each class/centre.

3.11.5.5. Free supply of text books, stationery and uniforms

In order to attract more and more children of socially and economically weaker sections of the community free supply of text books, stationery items and uniforms was provided. Targets and achievements made to end of March 1985 in regard to distribution of these items

were as under :—

Division	Text books and Stationery			Uniforms		
	Tar- get	Achieve- ment	Percen- tage	Tar- get	Achieve- ment	Percen- tage
	(Number of students)			(Number of students)		
Kashmir	87,300	83,645	95.8	47,748	18,284	38.3
Jammu	73,310	94,930	129.5	17,050	19,670	115.64
Total	1,60,610	1,78,575	111.2	64,798	37,954	58.6

From the above, it would be seen that while targets had been over-achieved in Jammu division, there was shortfall of 4.2 *per cent* and 61.7 *per cent* in the distribution of text books/stationery items and uniforms respectively in Kashmir division. Reasons for the shortfall were neither on record nor intimated. The following omissions/irregularities were seen to have been made in the purchase and distribution of these items to students.

(i) Text books/stationery articles and uniforms were to be given to children belonging to weaker sections of the society. No details of any action for identification of such children was on record with the result that issue of these items to eligible recipients could not be vouchsafed.

(ii) Cloth, and not stitched uniforms, was issued to children in all the districts test checked. Utilisation of cloth, by children for the purpose for which it was issued, was not watched.

(iii) Cloth in bolts and books/stationery articles in bulk quantities were issued to the teachers incharge of the various schools for distribution to eligible students. No records had been maintained to ascertain whether these items were actually issued and if so whether to eligible children only as distribution records of these items were not available at the respective tehsil/block offices.

(iv) It was noticed during test check that in Baramulla district cash of Rs. 13,510 in lieu of uniforms and books and stationery was paid to students during 1980-81 to 1983-84. No check was exercised to verify that cash given to students had been utilised by them for the purchase of books/uniforms etc.

Tehsil Education Officer, Baramulla stated (December 1984) that allotment for books and stationery was generally made towards the end of the respective financial years when students were already

equipped with books and uniforms. Under the circumstances there was no alternative but to disburse the amount in cash under attestation of the heads of the institutions.

(v) In some offices stationery and other articles purchased had not been brought on stock (value : Rs. 0.08 lakh) leading to the possibility of the funds being mis-appropriated. The concerned drawing and disbursing officers were asked to investigate the matter. Their report is awaited (October 1986).

3.11.5.6. Development of Science Education-Provision of science kits

With the recent introduction of National Council of Educational Research and Training curriculum in the State teaching of science right from the primary stage (class III) has been made compulsory. For this purpose science kits were to be made available for both primary and middle schools. A test check of records in this regard revealed that against 9944 primary and 2232 middle schools only 4004 primary (40.3 *per cent*) and 93 middle (4 *per cent*) had been provided with science kits. It was stated (October 1985) by the Government that all the schools could not be covered in a single year and that science kit facilities were being provided in a phased programme subject to availability of funds. Resultant effects on the teaching of science on account of non-provision of science kits, were, however, not evaluated.

3.11.6. Construction of school buildings

Lack of adequate school buildings is one of the major problems faced by the Department. It was seen during test check of records that most of the primary and middle schools were functioning in inadequate and unsuitable buildings. Out of 6993 primary and 1979 middle schools functioning in the State, 3910 (55.9 *per cent*) primary and 860 (43.5 *per cent*) middle schools did not have buildings of their own.

Buildings rented for these schools were mostly inadequate and unsuitable. Position was more acute in Kashmir division. The Department has not formulated any planned programme for creation of own accommodation in a phased manner.

Financial constraint was reported (October 1985) to be the main bottleneck for taking up the construction programme. Against a projected demand of Rs. 60 crores for the purpose only Rs. 4 crores were stated to have been made available during the Sixth Five Year Plan period.

Construction of school buildings during Sixth Five Year Plan period was done by two agencies viz., Public Works Department and local construction committees constituted under local initiative. Most of the buildings were got constructed through local initiative under which, besides provision of funds by Government, local population of the areas concerned supplemented these by providing free land, labour and cash contribution etc. No records had been maintained to show the number of buildings taken up for construction under each category during the Plan period, number of buildings completed and taken over and the total expenditure incurred on each. The position in respect of three districts of Kashmir division visited by Audit was found as under :—

Name of District	Number of schools to be constructed during the Plan period			Number of schools constructed					
	Pri- mary	Middle	Total	Pri- mary	Per- cent- age	Middle	Per- cent- age	Total	Total per- cent- age
Anantnag	894	..	894	54	6	..	..	54	6
Baramulla	1722	227	1949	112	6.5	63	27.7	175	9
Kupwara	NA	NA	118	NA	NA	NA	..	31	26

The following points came to notice during test check of records in various offices in the case of school buildings taken up for construction under local initiative :—

(a) In Anantnag tehsil an amount of Rs. 52,000 was placed at the disposal of the construction committee in 1982-83 for construction of the school building for Boys Middle school, Monghall. Detailed account in respect of the amount spent on construction work had not been obtained by the Department up to December 1984. It could not as such be ascertained whether the amount was utilized for the intended purpose. A detailed estimate for an amount of Rs. 76,845 was got prepared through Community Development and National Extension Services Department after the work had been started but administrative approval had not been accorded. Expenditure of Rs. 64,000 was stated to have been incurred on the building but the building though completed had not been taken over (December 1984). The building was forcibly occupied by a private school while the school for which the building was constructed had been functioning in a hired building at a monthly rent of Rs. 169.

An additional amount of Rs. 8,000 spent on the purchase of ceiling material which was yet to be installed and the material was lying dumped at the residence of the Headmaster of the school. No investigation seems to have been conducted, as per records, to ascertain the reasons for forcible occupation of the building by the private school nor had any action been initiated to have the building vacated.

(b) In respect of other buildings taken up for construction the following points were noticed in audit :—

(i) Estimates of buildings taken up for construction were not prepared in any case.

(ii) Detailed account/work done estimates to verify the genuineness of expenditure incurred had not been obtained from the respective construction committees.

(iii) No action had been taken to verify technical soundness of the school buildings constructed before taking them over.

(iv) No record had been maintained to indicate that the buildings constructed had been taken over and utilized.

(v) The Department had not devised any programme of fixed priorities for construction of school buildings according to needs. In Tikri block (Udhampur District) funds were provided during 1983-84 for the construction of buildings for two schools (Boys Primary School, Jangalgali and Boys Primary School, Samole) at Rs. 10,000 each, which were already housed in Government buildings. The Block Education Officer as such had recommended for construction of buildings for two other schools (Boys Primary School, Suhail and Girls Primary School, Sarli) which did not have buildings of their own. These recommendations were not taken note of and amounts were spent on construction of school buildings originally sanctioned.

(vi) Funds provided for construction of school buildings during 1984-85 had remained unutilized till February 1985.

(vii) No records had been maintained to show the nature and extent of local contribution received for construction of school buildings and the disposal thereof.

3.11.7. Incentives/awards for enrolment performance in the field of girls' enrolment

With a view to accelerating the programme of universalisation of elementary education and give recognition for excellence in perform-

ance for the spread of girls' education, a scheme of incentives/awards to State/Union Territories was introduced by the Government of India in September 1983. The awards were to be given for the best panchayat, the best community development block, the best tribal development block, the best district, the best State for N.F.E. programme and the best State for girls' enrolment in formal education.

As per the records of the Ministry of Education the following awards were released in favour of Jammu and Kashmir State during 1984-85.

Category	Number	Amount (Rupees in lakhs)
Best panchayat	13	3.25
Best community development block	2	1.00
Best district	1	3.00
	<hr/>	<hr/>
Total	16	7.25
	<hr/>	<hr/>

The awards were to be utilized for improvement of facilities e.g., buildings, provision of safe drinking water, construction of toilet blocks for girls, provision of lighting facilities, purchase of teaching aids etc.

The disposal of the award money was neither distinctly on record nor intimated to audit due to which it could not be ascertained whether the awards, if at all utilized, were spent on the improvement of the aforesaid facilities or diverted to meet other items of expenditure not covered under the scheme.

The Government stated (July 1986) that the funds had been released to Director of School Education in October 1985 from whom the details of expenditure were awaited.

3.11.8. Monitoring and Evaluation

The Directors of School Education, Jammu and Srinagar were nominated as the nodal officers to mointor the programme at divisional level.

No monitoring of the programme was, however, done at directorate level in Kashmir division inasmuch as even the progress reports

received from various district offices were not consolidated but were passed on individually to the administrative department. Information regarding various aspects of the programme like financial and physical targets and achievements in Kashmir division was also not available at the directorate level. It was stated that since allocation of funds was made by administrative department direct to the district offices, information would as such be available at district offices and the administrative department.

As for Jammu division only consolidation of progress reports received from various district offices was done at directorate level.

3.11.9. Summing Up

The Programme aims at coverage of all children in the age-group of 6-14 years by elementary education by the year 1990.

The physical targets achieved were not commensurate with the expenditure incurred. The percentage of physical achievements to targets ranged between 17.4 to 111.2.

Central assistance in respect of the scheme 'Experimental Projects on Non-formal Education', was not utilised fully even after carrying forward unspent balances from year to year.

No provision for matching 10 per cent was made by the State Government in respect of the scheme 'Setting up of non-formal education centres exclusively for girls'. Central assistance of Rs. 0.64 lakh pertaining to 1983-84 was distributed in January 1985. Actual expenditure incurred on the scheme during the years 1983-84 and 1984-85 was not available.

The Centrally sponsored scheme 'Appointment of women teachers in Primary Schools' was not implemented despite the Central Government having released Rs. 20.16 lakhs during 1984-85.

The enrolment figures of children in the age-group of 6-11 years vis-a-vis the projected population were either unreliable or inflated. Basis of fixation of targets were not on record and achievement of enrolment in case of girls was particularly low.

No door to door campaigns to identify and register children who should enrol themselves in the schools were ever conducted in the State.

No detailed surveys were conducted to ascertain the causes of drop-outs from schools nor were any remedial measures taken to ensure retention of optimum number of children in schools.

The number of primary schools upgraded to middle schools was very low and middle schools programmed to be set up within easy walking distance were mostly not provided. Distance to nearest Middle or High schools in such cases ranged between 4 to 40 kms.

There was a substantial shortfall (78 *per cent*) in the provision of teachers to schools. No appointment of teachers was made till February 1985 against 500 posts sanctioned during 1984-85. The teacher-pupil ratio in most of the schools was not maintained according to norms. The ratio varied widely from 1 : 107 to 1 : 3.

The instructors appointed in most of the centres did not fulfil the minimum required educational qualification and distribution of items like books, stationery etc. was not regulated according to the number of children in each class/centre.

Science kits were not made available to most of the schools (60 *per cent*) primary and (96 *per cent*) middle to ensure efficient and effective teaching of science according to N.C.E.R.T. curriculum.

55.9 *per cent* primary and 43.5 *per cent* middle schools were functioning in most inadequate and unsatisfactory rented buildings.

The entire quantity of paper received as gift from Government of Sweden for use on non-formal education had been diverted for use on formal system of education.

No monitoring of the programme had been carried out by the Directorate in Kashmir.

CHAPTER—IV

WORKS EXPENDITURE

Roads and Buildings Department

4.1. Locking up of money on a building started without acquisition of land

Without acquiring land, construction of a building for veterinary dispensary at Kellar, Pulwama (estimated cost : Rs. 0.90 lakh excluding cost of departmental material) was allotted to a contractor (April 1981) by the Executive Engineer, Roads and Buildings Division, Pulwama for completion in three months. The work was, however, started by the contractor in November 1981 (reasons for delay in starting the work were not intimated to Audit) ; but after the ground floor slab was laid (November 1982) at a cost of Rs. 1.25 lakhs (including cost of departmental material), the landowner forcibly occupied (1983) the incomplete building on the grounds that he had not been paid compensation for the site. The Executive Engineer intimated (October 1985) that the erstwhile landowner had vacated the incomplete building after receiving the land compensation and steps were being taken to resume the work for completion. Thus, starting of the work without first acquiring land has resulted in locking up of money (Rs. 1.25 lakhs since November 1982 and Rs. 1.77 lakhs from April 1984) and non-completion (October 1985) of the veterinary dispensary (due to be completed by July 1981).

The matter was reported to the Government in November 1985 ; reply is awaited (September 1986).

4.2. Extra cost due to delay in shifting of High Tension Line

Construction of non-residential students' centre in Government Degree College at Khanabal (estimated cost : Rs. 0.70 lakh) allotted by the Executive Engineer, Roads and Buildings Division, Anantnag in January 1978 for completion in 4 months was started by the contractor in March 1978. After executing masonry work up to window lintel level and receiving payment of Rs. 0.31 lakh, the contractor stopped the work in April 1978 due to non-shifting of a high tension power line passing over the building under construction. College authorities and Roads and Buildings Division approached the Electric-

city Department in April and June 1978 respectively for shifting the high tension line. Rs. 0.06 lakh demanded by Electricity Department were paid by the Roads and Buildings Division in September 1978 and the line removed in October 1978. Meanwhile, the contractor served a notice in April 1978 under Section 80 C.P.C. on the Department for finalising his claim for work done and stated that he could complete the balance work only at fresh rates. Further payment of Rs. 0.06 lakh was made (March 1981) in final settlement of the work done by the contractor and balance work (estimated cost : Rs. 0.90 lakh) allotted to another contractor in January 1982 at higher rates, after over three years of the removal of the high tension line. Work started in March 1982 has not been finalised so far (August 1985).

Retendering of work has resulted in extra expenditure of Rs. 0.57 lakh and work has also been delayed by over six years which could have been avoided if action had been taken to shift the high tension line before allotment of the work.

The matter was reported to the Government in September 1985 ; reply is awaited (September 1986).

4.3. Extra expenditure due to delay in giving "Nishandehi" for construction of a building

Contract for "construction of a Police Station building at Safakadal, Srinagar" (estimated cost : Rs. 1.43 lakhs excluding cost of departmental material) was approved (13th March 1979) by District Superintending Engineer, Srinagar for completion in six months and allotment letter was issued to the selected contractor by the Executive Engineer, Construction Division No. 1, Srinagar on 15th March 1979. The date of start of the work was to be reckoned as 17th March 1979. On 17th April 1979 the contractor wrote to the Executive Engineer that "Nishandehi" (demarcation of site, etc.) for the work had not been given to him and he was incurring loss due to payment of idle wages to his labourers. The Executive Engineer informed the contractor (25th April 1979) that decision for siting the police station had been taken in consultation with the police authorities and the Assistant Engineer concerned asked to give "Nishandehi". The Executive Engineer intimated the contractor on 28th April 1979 and 7th May 1979 that he had not attended the site for getting "Nishandehi" and issued final notice to him on 15th May 1979 intimating that in case he failed to start the work by 17th May 1979, the same would be got done at his risk and cost. In response to another communication sent (June 1979) to him by the Department, the contractor intimated (June 1979) that he was not given

"Nishandehi" in time and the communications stated to have been sent to him had not been received by him. Since he did not start the work, it was, after calling fresh tenders, got executed by the Department at higher rates through another contractor during October 1979 to April 1981, resulting in extra expenditure of Rs. 0.65 lakh, which could have been avoided if "Nishandehi" had been given to the contractor in time.

In terms of clause 2.08 of the relevant tender notice, the contract became complete and binding on the tenderer as soon as acceptance of the tender was communicated to him but in reply to an audit query the Executive Engineer stated (July 1985) that extra cost was not recoverable from the original contractor as he had neither started the work nor executed the agreement. Contractor's security deposit of Rs. 0.06 lakh was, however, forfeited by the Department (April 1981).

The matter was reported to the Government in October 1985 ; reply is awaited (September 1986).

4.4. Extra expenditure due to non-availability of clear site for drain pitching work

The work of construction of pitched drains in 6th to 12th kilometres (including metalling/remetalling of 6th and 7th kilometres) of the Dinga-Amb-Challan Road (estimated cost : Rs. 2.50 lakhs) was allotted (November 1980) to a contractor by the District Superintending Engineer, Kathua for completion by 11th June 1981. In May 1982, the contractor reported to the Executive Engineer, Roads and Buildings Division, Kathua that the work on 6th and 7th kilometres had been completed by him before June 1981 but he could not start pitching of drains in 8th to 12th kilometres as (i) the contractors to whom shingling and metalling work in this portion had been allotted had dumped material on the road surface, and (ii) due to heavy rains slips and mulba on the site could not be removed to enable him to proceed with the work. The contractor, therefore, requested for the finalisation of his claim for the work done on 6th and 7th kilometres. The contractor's request supported by recommendation of the Executive Engineer, Roads and Buildings Division, Kathua was accepted by the District Superintending Engineer and his claim was finalised (October 1982) without any penalty for non-completion of the allotted work.

Completion of the work of pitching drains in 8th to 12th kilometres allotted (February 1983) to other contractors at higher rates resulted in extra expenditure of Rs. 0.63 lakh (May 1985) which

could have been avoided if the Department had ensured timely clearance of the site by the contractors to whom the work of shingling and metalling in 8th to 12th kilometres stood allotted for completion by August 1981.

Even after the plea put forth by the contractor in May 1982 had been accepted, the clearance of the relevant site was not arranged for getting the work done through him by extending his contract. The reason for engaging alternative agencies for the purpose at higher cost were not intimated (October 1985).

4.5. Non-recovery of departmental supervision charges

In accordance with the Rules 4 and 5 of Appendix 3 to the Jammu and Kashmir Public Works Account Code, when a Public Works Division executes works, the cost of which is met from sources outside the Government budgetary grants, recovery of charges for establishment, tools and plants etc. is required to be effected at prescribed rates and adjusted in the account month by month. However, three Public Works Divisions had not recovered (October 1985) these charges amounting to Rs. 15.05 lakhs due ending March 1985 in respect of the works started by them between March 1978 and June 1983 on behalf of Kashmir University (Rs. 10.38 lakhs), Jammu and Kashmir Cricket Association (Rs. 2.36 lakhs) and Jammu and Kashmir Housing Board (Rs. 2.31 lakhs).

Reasons for non-recovery/adjustment of these charges in time were not intimated (October 1985). At the instance of Audit (October 1979) one of the Divisions took up (April 1981) the case with the Housing Board. The Executive Engineer of another Division intimated (October 1985) that the case for recovery from Kashmir University had been referred by him to his Chief Engineer and that charges due had been demanded from the Cricket Association also. However, no recovery had been effected in all these cases up to October 1985. Information in respect of the third division is awaited.

The matter was reported to the Government in November 1985 ; reply is awaited (September 1986).

4.6. Idle investment and extra expenditure on a bridge

For inter-connecting Wagura village situated on both sides of Ningli nallah (Baramulla), construction of a timber motorable bridge (instead of a foot bridge proposed earlier) including approaches was administratively approved (September 1978) by the District Super-

intending Engineer, Baramulla for Rs. 4.06 lakhs and the work of main bridge (estimated cost : Rs. 2.25 lakhs) allotted to a contractor in October 1978 for completion in nine months. Expenditure on the work up to March 1982 was Rs. 1.67 lakhs and a further Rs. 0.12 lakh were spent thereafter up to June 1984. The Executive Engineer, Roads and Buildings Division, Baramulla reported (January 1982) to the District Superintending Engineer that after completing the abutments of the bridge, the contractor had stated that as the work had been delayed due to late supply of cement by the Department and as the rates of timber had gone up he was not willing to execute the work of decking the bridge and that his claim for the part of the work done may be finalised. Meantime, on the consideration that height (about 16 feet above the ground level) of the proposed bridge necessitated significant expenditure on approaches and retaining walls and as no motorable road existed on the left side of the nallah for capacity utilization of the bridge, the District Superintending Engineer had desired (September 1981) that the motorable bridge be changed into a foot bridge. The design of the bridge under construction was accordingly changed to foot bridge which required some modifications in the items of work originally proposed for the motorable bridge. For the modified items an estimate for Rs. 1.91 lakhs had been prepared by the Executive Engineer which was neither sanctioned nor the modified items executed up to January 1985. In February 1985 the Department decided again to have a motorable bridge but changed its design from understrutted supporting wooden trusses to steel plate girders for lowering the deck level and reducing expenditure on the approaches. Accordingly, the Executive Engineer submitted a revised project estimate for Rs. 7.52 lakhs with the changed design which necessitated reducing the height by dismantling a portion of the already constructed abutments also. While the work of decking the bridge (estimated cost : Rs. 4.65 lakhs) allotted to a contractor in June 1985 is in progress (October 1985), bridge approaches, side drains etc. are yet (October 1985) to be allotted. As the balance work through the second agency is in progress, extra expenditure as a result of non-completion of the work by the original contractor could not be worked out. However, the Executive Engineer intimated (April 1985) that as the specifications of the balance work had been changed extra cost was not recoverable from the original contractor.

Thus, due to change in decisions with regard to the design from motorable to foot bridge in 1981 and again (February 1985) to motorable bridge with steel plates instead of wooden trusses proposed initially, the bridge which was normally required to be completed by July 1979 is still (October 1985) incomplete and an investment of Rs. 1.79 lakhs ending June 1984, has not been fruitful (October 1985).

Extra expenditure would also be involved in completing the balance work through the second agency. Expenditure on the construction of that portion of the abutments which had to be dismantled for making them fit for the revised design and that on dismantling the same, which would also prove infructuous were not intimated to audit (October 1985).

The matter was reported to the Government in November 1985; reply is awaited (September 1986).

4.7 Avoidable expenditure due to unplanned procurement of firewood

In pursuance of Government Orders of June 1981 maintenance of motorable roads in Srinagar city was taken over by the State Public Works Department from the Srinagar Municipal Council and was entrusted (July 1981) to a newly created City Roads Division, Srinagar, where the required staff was posted by transfer from the Municipal Council. For expeditious repairs to the roads, Government authorised (June 1981) the Chief Engineer, Roads and Buildings Department to get the works executed, if necessary, on work order basis.

In accordance with the delegation of financial powers, Executive Engineers and Assistant Engineers in the Roads and Buildings Department are competent to allot on work order basis works costing up to Rs. 10,000 and Rs. 5,000 respectively in each case in emergent circumstances provided the allotted rates are certified by the Officer concerned to be reasonable and are 10 *per cent* lower than the prevalent contracted rates in the relevant locality. However, without ascertaining competitive rates, the City Roads Division, Srinagar started (October 1981) purchasing on work order basis firewood for heating bitumen for shell-sheeting the roads, at Rs. 60 per quintal. Though the impropriety of doing so and the need for procurement of the firewood sources like Jammu and Kashmir State Forest Corporation etc. was pointed out by Audit to the Department in September 1982, 12708 quintals of firewood valuing Rs. 7.62 lakhs (at Rs. 60 per quintal) were so purchased from October 1981 until March 1984. It was observed in audit that stage-contracts for supply of firewood required for heating bitumen in different zones of Srinagar City during 1984-85 had been allotted by the Division at only Rs. 49 to Rs. 58 per quintal after calling tenders. Thus, even without taking into account escalation in prices between October 1981 and March 1984, the purchases made up to March 1984 involved extra expenditure of Rs. 0.76 lakh when compared to the rates that obtained in 1984-85, which could have been avoided if the material had been procured in a planned manner.

It was also observed in audit that material-at-site accounts had not been maintained for the firewood. However, certificates that the wood purchased was consumed in full had been recorded on the relevant measurement books without indicating quantity purchased, quantity admissible according to the prescribed consumption scale and that actually consumed.

The matter was referred to the Government in October 1985; their reply is awaited (September 1986).

4.8 Undue financial aid to a contractor

Agreement for the "Construction of High Court building in Srinagar" stipulated that the contractor would be paid an advance equal to 10 per cent of the value of the contract subject to a maximum of Rs. 10 lakhs at interest of 12 per cent per annum. The advance was recoverable in ten instalments from the running account bills starting from the first bill onwards but was to be liquidated in full by or before 60 per cent of the work was executed. However, penalty for default in repayment of advance was not specified in the agreement.

An advance of Rs. 10 lakhs was paid to the contractor in March 1980 (Rs. 8.66 lakhs) and April 1980 (Rs. 1.34 lakhs). The first on account payment was made in June 1980 and the tenth showing the value of work done till then as Rs. 39.74 lakhs (about 24 per cent of the agreed amount of Rs. 166 lakhs) passed in November 1981. Up to and including the tenth on account bill only Rs. 3.50 lakhs (one instalment of Rs. 1 lakh and five of Rs. 0.50 lakh each) towards the advance, besides an amount of Rs. 0.27 lakh towards interest against an accrued interest liability of Rs. 1.64 lakhs ending November 1981, had been recovered, although the entire amount of advance together with interest should have been recovered by the time the payment of the tenth on account bill was made. Though the departmental lapse in this respect was pointed out by Audit in July 1982, the subsequent recoveries were not regular and even after paying (March 1986) the thirty-third on account bill for Rs. 105.01 lakhs (63 per cent of the agreed amount) to the contractor, Rs. 1.85 lakhs towards advance and Rs. 1.94 lakhs on account of interest ending March 1986 were outstanding. Simple interest at 12 per cent on delayed recovery of interest amounts to Rs. 0.31 lakh. Such charges on the amount of interest outstanding work out to Rs. 0.58 lakh (March 1986).

Inadequate and delayed recoveries of advance/interest have thus resulted in undue financial aid to the contractor.

The matter was referred to the Government (October 1985); their reply is awaited (September 1986).

4.9 Extra expenditure on a building work

The construction of a building for housing the J and K—Punjab border check post (estimated cost : Rs. 4 lakhs, excluding cost of departmental material) was allotted by the District Superintending Engineer, Public Works Department, Kathua to a contractor in January 1977 for completion in 9 months. The work was started without arranging clearance from the Border Roads Organisation of the Ministry of Shipping and Transport and in disregard of the advice of the Central Public Works Department.

Detailed drawings of the work were finalised after soil tests (February-March 1977) of a part of the site near the Ravi river where the strata consisted of sand, silt and clay with high water table. A telephone line also passed through the construction site which was shifted by the Telephones Department in November 1977 at the instance (February 1977) of the District Superintending Engineer. Construction on the portion outside the National Highway zone and away from the telephone line started in May 1977 was stopped by the Works Minister in January 1979 pending clearance from the Ministry of Shipping and Transport. Till then the work had been suspended twice in July 1977 and May 1978 due to non-clearance by the Ministry of Shipping and Transport of the relevant plans, re-designing of the foundations of the building in a part of the site close to a canal where soil was found to be very weak, rains and shortage of departmental material.

On the grounds that suspension of the work from time to time had not been due to the fault of the contractor, that the stipulated period of completion was over and that the construction cost had gone up, the District Superintending Engineer agreed (July 1979) that the Department could not bind the contractor indefinitely and that his claim for the portion of the work completed be finalised and fresh tenders be called for the balance work. Actually, the Executive Engineer concerned had already put the balance work to tender (June 1979). Original contractor's claim was finalised without any penalty in August 1979; total payments made to him amounted to Rs. 0.90 lakh excluding cost of departmental material.

Execution of the balance work through another agency between February 1980 and June 1983 at higher rates resulted in extra expen-

diture of Rs. 1.82 lakhs besides delay extending over 5½ years in the completion of the work which could have been avoided if the work had been initially allotted after proper soil investigation, finalisation of design and estimates, shifting of telephone line and obtaining clearance from the Ministry of Shipping and Transport.

The matter was referred to the Government in October 1985; their reply is awaited (May 1986).

4.10 Construction of Basohli-Bani-Bhaderwah Road

It was mentioned in the supplementary Audit Report 1973-74 that the work on a 136 kilometre motorable road from Basohli to Bhaderwah via Bani was started in October 1966 (estimated cost of May 1964 : Rs. 1.15 crores) without conducting detailed survey and without working out the economics of alternative alignments. After detailed survey its length increased to 166 kilometres and the estimated cost rose to Rs. 7.60 crores (January 1973). The work was started from two ends-Basohli to Sarthal and Bhaderwah to Sarthal. Rupees 0.86 crore had been spent up to February 1975 on construction of the road up to 48 kilometres from Basohli and part earth work in kilometres 49 to 59 but the work started in November 1973 on the first four kilometres from Bhaderwah was suspended in the next month because land coming in the alignment had not been acquired and had not been resumed up to February 1975 (expenditure on the relevant works got executed through other agencies after acquisition of land, etc., during 1976 to 1980 has resulted in extra expenditure of Rs. 0.62 lakh).

Till March 1985, Rs. 2.62 crores had been spent on the project. A review of the accounts from March 1975 onwards disclosed the following :—

(a) Infertuous expenditure

As unfavourable soil conditions were met in earth excavation started between August 1973 and January 1975 in kilometres 52 to 59 of the road from Basohli, the work from kilometre 51 onwards was stopped (April 1978) pending reconsideration of the alignment. After considering various alternatives, the Government decided (April 1980) to change the alignment of the road from village Garodi (kilometre 44.05) to a point far beyond kilometre 59 of the original alignment which also increased the length of the road by about 8 kilometres. The work done in kilometres 52 to 59 involving expenditure of Rs. 12.52* lakhs including outstanding liabilities (January 1985)

*Basohli Roads and Buildings Divisional records indicated the expenditure as Rs. 14.47 lakhs excluding accrued liabilities but details of Rs. 3.15 lakhs were not intimated to Audit.

of Rs. 1.20 lakhs was abandoned and the stretch from Garodi to Kote (kilometre 51) on which Rs. 7.34 lakhs had been spent was relegated as a link road to Kote i.e. without serving the purpose envisaged in the project of forming a part of the Basohli-Bhaderwah road. Information as to whether responsibility for determining the initial alignment without proper reconnaissance and survey had been fixed was not supplied to Audit (December 1985). Work on the changed alignment was also started (October 1980) in anticipation of administrative approval and technical sanction.

(b) Extra expenditure

Construction of a bridge over Chirrel nallah in kilometre 24 of the road from Basohli was allotted (July 1979) by the Contracts Committee on negotiation basis to Jammu and Kashmir Projects Construction Corporation Limited (JKPCC—a Government Company) at a lump cost of Rs. 21 lakhs plus Rs. 7 per bag of cement utilized on the work by the Company. The work was to be completed in 24 months and the allotment envisaged that the Department would try to ensure that clearance to the design of various components of the bridge was made available within one month of their submission by JKPCC.

Design calculations for pier caps, abutment caps, etc. sent by the Company to the Executive Engineer, Roads and Buildings Division, Basohli in November 1979 were approved by the State Design Directorate (SDD) only in December 1981. Similarly, design/calculations of the superstructure of the bridge sent by the Company in November 1980 were approved by S.D.D. in May 1982 and were received by JKPCC in September 1982. Meanwhile, due to delay in receipt of approval to the proposed designs, the Company stopped the work after receiving payments aggregating Rs. 13.52 lakhs up to May 1981 and did not resume the work despite requests by the Department between January 1982 and July 1982 and stated (November 1982) that, as prices had gone up, they would complete the balance work only if appropriate price escalation was agreed and 50 per cent thereof paid to them in advance. Increase of Rs. 7.36 lakhs over the agreed cost was accepted by the Contracts Committee (January 1984) but the Company resumed the work only in October 1984 after receiving advances of Rs. 4.50 lakhs during February to August 1984 and the work was in progress (January 1985). Thus, extra expenditure has been incurred and completion of the work delayed by about four years due to delay in communicating approval to the designs submitted by the Company. It was also observed by Audit that the Department had sent only some routine reminders to the State Designs

Directorate and had not pursued the case timely and effectively.

(c) Abnormal delay in execution of the project and its transfer to the Border Roads Organisation

The project was originally envisaged to be completed in five years i.e. by 1970-71. However, by March 1985, from Basohli end only 44.05 kilometres (up to Garodi) had been completed and earth-work in thirteen kilometres thereafter on the revised alignment was in progress and from Bhaderwah side only a (lower standard) jeepable road up to 24 kilometres had been completed. Due to abandonment of the work done in kilometres 52 to 59 (from Basohli) of the old alignment, increase of about 8 kilometres in the length resulting from the revision of the alignment and escalation in costs as a result of delays, the project estimate was again proposed (March 1982) to be revised to Rs. 10.43 crores which was awaiting sanction (March 1985). At this juncture, the State Government decided to entrust the construction of the road to the Border Roads Organisation of the Ministry of Shipping and Transport, Government of India, who took it over in May 1985 except for the following stretches :—

- (i) Link from Garodi to Kote (Kilometres 44.05 to 51).
- (ii) Kilometres 57 to 81 of the revised alignment from Basohli side which are under construction by the State Power Development Department.
- (iii) The first eight kilometres from Bhaderwah side which also form a part of Bhaderwah-Chamba Road.

While the matter regarding (i) above now not forming part of Basohli-Bhaderwah road was stated (December 1985) to be under correspondence with the Ministry of Shipping and Transport, reasons for non-transfer of the stretch from kilometres 57 to 81 of the revised alignment and the terms and conditions on which the project has been entrusted for execution to the Border Roads Organisation were not intimated (December 1985) to Audit.

The matter was referred to the Government in January 1986 ; their reply is awaited (September 1986).

Power Development Department

4.11 Loss due to non-extraction of saffron seeds and inadequate utilization of land acquired for Electric Central Stores Complex

On the requisition (August 1981) of the Electricity Department, 136 kanals and 2 marlas of land in a saffron crop area near Pampore

required for construction of an Electricity Central Stores Complex including a divisional office and other auxiliary structures and works was notified (November 1981) for acquisition by the Collector, Land Acquisition, Works and Power Department, Srinagar. On reassessment by the Electricity Department, 50 kanals and 1 marla of land was got de-notified in May 1982 and possession of the remaining 86 kanals and 1 marla of land for which part payment of Rs. 8.98 lakhs had been made in March 1982 was taken over by the Electricity Department in May 1982 in anticipation of the acquisition award which was issued by the Revenue Department only in April 1984 for Rs. 28.15 lakhs. This included Rs. 1.24 lakhs representing compensation for saffron seeds already sowed in the land and Rs. 1.46 lakhs on account of interest charges on the awarded amount from the date of possession of the land until the declaration of the award.

Agriculture Department who had agreed (September 1982) to extract the saffron seeds subsequently expressed inability to do so as their staff and machinery were otherwise engaged but agreed to buy the saffron seeds if extracted by the Electricity Department. As Electricity Department was unable to do the needful a reference was made to the Joint Director, Agriculture on 12th October 1982 stressing the need and urgency for extraction of the saffron seeds before setting in of the saffron crop season by end of October 1982. The records of the Central Electricity Stores Division (C.E.S.D.) did not show any efforts having been made by the Department to pursue the matter further at an appropriate level with the result that the sowed saffron seeds were not extracted resulting in loss to the Government in the compensation award component of Rs. 1.24 lakhs. In reply to an audit query as to why possession of land was not taken after the saffron crop was harvested by the land owners, the C.E.S.D. stated (September 1985) that as land was urgently required for accommodating material like steel, electrical goods etc. which had started arriving, the Department could not wait till the harvesting of the crop. It was, however, observed that the C.E.S.D. had already taken over from the Electricity Division, Srinagar a plot about 10 kanals of land adjacent to the land acquired, which could have been used for the purpose.

Since May 1982 when possession of the land was taken over, except for two steel tubular sheds for accommodating stores like steel, electrical goods etc. received in the Electric Central Stores for issue to the indentors, costing Rs. 10.50 lakhs (constructed between November 1983 and March 1984 over a plinth area of $2\frac{1}{2}$ to 3 kanals), a chowkidar's quarter valuing Rs. 0.34 lakh (completed between February 1983 and

June 1983) and installation of a weigh-bridge, other envisaged constructions have not been taken up so far (October 1985) for want of funds. There being no storage arrangement for cement in the Store Complex, cement procured by the C.E.S.D. is being diverted to and dumped in the cement stores of various indenting divisions/units resulting in problems of receipts, issue and accountal of the relevant transactions and pending construction of office building, the divisional office has been accommodated in a hired building on a monthly rent of Rs. 1,400 per month which could have been avoided had the office buildings been constructed on the acquired land. Investment on the purchase of land (Rs. 8.98 lakhs paid in March 1982 and Rs. 19.22 lakhs paid in May 1984) has also thus not been utilized fully (October 1985). Payment of interest charges (Rs. 1.46 lakhs) could also have been largely avoided if the land had been occupied when actually required.

The matter was referred to the Government in November 1985; their reply is awaited (September 1986).

Irrigation and Flood Control Department

4.12 Unfruitful expenditure and abnormal delay in completion of an irrigation work

For providing irrigation facilities in an area of 30 acres of land in Muqam Shahwali (Kupwara), construction of a water storage tank (estimated cost : Rs. 0.20 lakh) was allotted (April 1968) to a contractor by the Executive Engineer, Irrigation Division, Sopore. After getting payment of Rs. 0.07 lakh (December 1968) the contractor stopped the work as the zamindars whose land came under the proposed tank did not allow further continuation of the work. Their consent for construction of the tank on their land was obtained only in May 1972, when the contractor refused to resume the work and after floating fresh tenders, the balance work (estimated cost : Rs. 0.60 lakh) was allotted (April 1975) to another agency for completion in 4 months. It was started in July 1975; but after doing work valuing Rs. 0.46 lakh (payment made in September 1979) the contractor discontinued work on the plea that big boulders and trees had come within the alignment. This plea being untenable was not accepted by the Department but the contractor did not resume the work despite notices issued to him. The balance work (estimated cost : Rs. 0.66 lakh) put to tenders (April 1980) and allotted in August 1980 at higher rates to another agency for Rs. 1.38 lakhs for completion in three months has not been started so far (October 1985) as the contractor who left the work incomplete in March 1979 obtained stay order from the Court

when recovery of estimated extra expenditure of Rs. 0.73 lakh, as a result of allotment of balance work at higher rates, was pointed out by the Department.

Thus, the failure of the Department to obtain consent of the zamindars before allotting/starting the work resulted in the investment of Rs. 0.57 lakh till March 1982 lying unutilized (October 1985) and the irrigation facilities envisaged to be created sometime in 1968-69 having not fructified.

The matter was referred to the Government in November 1985; their reply is awaited (September 1986).

4.13 Non-recovery of extra expenditure

Construction of an irrigation storage tank at Nagasari, Handwara (estimated cost : Rs. 1.70 lakhs excluding cost of material to be supplied by the Department) was allotted on lowest quotation basis to a contractor by the Superintending Engineer, Public Works Department, District Baramulla in October 1977 for completion in two working seasons. The contractor started the work in November 1977 but abandoned it in January 1980, without assigning any reasons, after receiving a payment of Rs. 0.68 lakh (excluding cost of departmental material worth Rs. 0.06 lakh). The contractor did not resume the work despite issue of notices.

The balance work, estimated to cost Rs. 1.44 lakhs (excluding cost of departmental stores) was put to fresh tenders between October 1980 and March 1982 on four occasions, starting nearly two years after the work was abandoned, at the risk and the cost of the original contractor and was allotted to another contractor on single tender basis at higher rates for Rs. 2.54 lakhs (excluding cost of departmental material) in August 1982 for completion in three months. The work started by the contractor in July 1983 was still in progress (March 1985), with Rs. 2.02 lakhs having been paid to him. Computed with reference to the rates of the original contractor an extra expenditure of Rs. 1.08 lakhs was incurred by the Department on items of work, done up to September 1984 through the second contractor, valuing Rs. 1.52 lakhs (extra expenditure on remaining items of work done valuing Rs. 0.50 lakh could not be worked out). The extra cost would increase after the completion of the work and finalisation of the accounts. Final notice to pay the extra cost (Rs. 1.33 lakhs) worked out by the Department on balance work was issued to the original contractor by the Superintending Engineer in December 1982. No recovery has been made from the contractor so far

(May 1986) nor has the credit balance of Rs. 0.13 lakh on account of various deposits been adjusted towards the extra cost.

Due to delay in the completion of the work the envisaged purpose of providing irrigation facilities to the cultivable area in Nagasari which is on a higher contour has not been achieved so far (August 1985).

The matter was referred to the Government in September 1985; their reply is awaited (September 1986).

4.14 Idle investment and avoidable expenditure due to delay in completion of a building

Construction of a two-storeyed building (estimated cost : Rs. 4.60 lakhs excluding cost of departmental material) at Belicharna, Jammu for Flood Control Department Offices allotted by the Superintending Engineer, Flood Control Circle (East), Jammu in January 1980 for completion in eight months was started by the contractor in March 1980. After getting payments aggregating Rs. 1.60 lakhs (excluding cost of departmental material but including Rs. 0.12 lakh representing cost of stores and shingle collected at the site), the contractor abandoned the work in September 1982 stating that due to rise in the construction costs he was not prepared to complete the balance work. The Superintending Engineer reported (December 1982) to the Chief Engineer Irrigation that (i) there was delay in starting the work due to non-finalisation of design of the building and the work again remained suspended for about eight months after commencement of construction due to changes in design and specifications of the foundations from plumb concrete to R.C.C. raft necessitated by weak soil encountered during excavation, (ii) funds provided for construction of buildings in 1982-83 were diverted to other works and (iii) construction costs had increased. He recommended that the work done by the contractor be finalised without any penalty. The proposal was agreed to by the Chief Engineer in August 1983 but the contractor's claim has not been finalised so far (February 1986).

In May 1985, the Executive Engineer, Flood Control Division, Jammu proposed completion of the balance work on the ground floor only (estimated cost : Rs. 3.49 lakhs) and a portion of the work (estimated cost : Rs. 1.40 lakhs) allotted (November 1985) accordingly to another contractor at higher rates was in progress (February 1986). Due to escalation in prices substantial extra expenditure would be involved in completing the ground floor and the remaining portion of the building. Meanwhile, Rs. 1.16 lakhs have been spent by the Department (October 1980 to February 1986) on hiring private accommodation for the offices which were to be accommodated in the proposed building.

Thus, the building required to be completed by September 1980 is still incomplete resulting in investment of Rs. 4.33 lakhs (Rs. 1.60 lakhs paid to the first contractor and Rs. 2.73 lakhs cost of departmental material issued on the work) remaining unfruitful so far.

The idle investment, the additional expenditure by way of rent of hired accommodation and the extra expenditure likely to be involved in the completion of the building, could have been avoided if the work had been allotted after proper soil investigation and preparation of correct designs/estimates in the first instance.

Unused departmental material valuing Rs. 0.56 lakh (at stock issue rates) has not been returned (February 1986) by the contractor and stones and shingle worth Rs. 0.12 lakh collected by the contractor are also reported to be lying (September 1985) unutilized at the site of the work.

The matter was referred to the Government in October 1985 ; their reply is awaited (September 1986).

4.15 Major and Medium Irrigation Projects

4.15.1 Introductory

Rainfall in many parts of the State is very low and uncertain and this acts as a disincentive for the farmers to provide necessary inputs in time and in adequate quantities. Great emphasis has, therefore, been laid on the development of irrigation in the successive Five Year Plans. All irrigation schemes are investigated, planned, constructed and maintained by the State Government.

According to the criteria laid down by the Government of India, prior to April 1978, projects costing more than Rs. 5 crores were treated as major projects and those costing between Rs. 10 lakhs and Rs. 5 crores as medium projects. Since April 1978, projects having cultural command area (CCA) of more than 10,000 hectares (ha) are classified as major and those having CCA between 2,000 ha and 10,000 ha as medium projects. Clearance from the Central Water Commission and Planning Commission is required to be obtained before taking up execution of major and medium irrigation projects.

There is only one major project in Jammu and Kashmir namely, Ravi Tawi Irrigation Complex. A few schemes having CCA of less than 2,000 ha but earlier classified as medium projects on cost estimate basis continued to be so treated by the State Government in the Sixth Five Year Plan.

4.15.2 Targets and achievements for Sixth Plan

(a) Physical

Eleven schemes (estimated cost : Rs. 32.29 crores) on which Rs. 14.86 crores had been spent during the Fifth Plan period spilled over to the Sixth Plan. In the Sixth Plan, twelve new schemes (estimated cost : Rs. 66.79 crores) were proposed to be taken up and ten (including 8 of Fifth Plan) of the 23 schemes planned to be completed. Seventeen canals already commissioned were proposed to be modernized at an estimated cost of Rs. 18.45 crores and irrigation potential of 103.32 thousand ha available (March 1980) was proposed to be increased by 52.03 thousand ha by March 1985.

Actually, six new schemes were taken up during Sixth Plan and in all four partly completed; modernization of five canals was started (expenditure incurred : Rs. 2.09 crores); and additional irrigation potential of 32.72 thousand ha created during the Sixth Plan. Reasons for the shortfall in achievement were not intimated (August 1985). However, it was observed in audit that shortfall in the creation of irrigation potential was inter alia, as a result of delay in completion of some of the schemes due to unplanned and/or defective execution of works.

Against the available irrigation potential of 136.04 thousand ha in March 1985, utilization was 134.03 thousand ha. The lower utilization was stated to be due to changes in pattern of cultivation, non-construction of khuls (channels) and non-levelling of land by zamindars.

(b) Financial

Against the Sixth Plan allocation of Rs. 60.94 crores, funds provided in Annual Plans and actual expenditure from 1980-81 to 1984-85 were as under :—

Year	Final provision in the Annual Plan	Actual expenditure
	(Rupees in crores)	
1980-81	10.50	8.26
1981-82	10.90	10.18
1982-83	11.43	11.29
1983-84	10.83	11.40
1984-85	13.23	12.74*
Total :	56.89	53.87

*provisional

The reasons for a lower provision vis-a-vis the approved Plan allocation and shortfall of Rs. 3.02 crores in expenditure during 1980-81 to 1984-85 were not intimated (August 1985).

4.15.3 The working of the following schemes stand reviewed in audit and comments already appeared in the Audit Report as under :—

Name of the schemes	Reference to Audit Report
(i) Ravi-Tawi Irrigation Complex	1980-81 (Paragraph 4.1)
(ii) Battery of 100 tubewells for Jammu/Kathua	1981-82 (Paragraph 4.1)
(iii) Ranjan Lift Irrigation Scheme	1983-84 (Paragraph 4.1)

The present review conducted during May-July 1985 mainly covers Rajal, Marwal and Lethpora Lift Irrigation Schemes, Niu Karewa Water Storage Project and Shiva Canal. The irregularities noticed in the planning and execution of the schemes are mentioned in the succeeding paragraphs.

4.15.4 Inadequate action on suggestions about development of irrigation projects

Based on observations of the expert technical groups which visited various projects in the country for identifying bottlenecks and deficiencies in the development of irrigation, the following steps were suggested by the Central Government for development of major/medium irrigation projects :—

- Expedient completion of on-going projects by providing adequate funds,
- preparation of year-wise physical and financial programme for each project to ensure full utilization of outlays and timely completion of the projects,
- revision of water rates so as to achieve the return as recommended by the Seventh Finance Commission,

- setting up of monitoring cells at Project level and State level for close monitoring of the project for ensuring achievement of targets,
- setting up of cost control cells at State/Project level, and
- establishing of staff training Colleges/Institutes for advanced training and refresher courses in various aspects of water resources development.

Against the Sixth Plan Provision of Rs. 5.36 crores for Ranjan, Rajal, Marwal and Lethpora Lift Irrigation Schemes, spilled over from the Fifth Plan, the State Government allocated about Rs. 9.56 crores, but due primarily to unplanned and/or defective execution of work on these schemes, the Ranjan scheme could not be commissioned and the other three were delayed and only partly commissioned during Sixth Plan.

As would be seen from the following details relating to six completed medium irrigation schemes, namely, Kathua Feeder, Ranbir, Pratap, Zaingir, Martand and Ahiji canals, receipts on account of water rates (abiana) etc. fell significantly short of the working expenses during 1978-79 to 1982-83:—

year	Capital outlay to end of the year	Revenue receipts	Direct and indirect working expenses	Loss before charging interest on capital	Loss after charging interest on capital
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(Figures in crores of rupees)

1978-79	7.63	0.16	0.70	0.54	0.84
1979-80	7.77	0.16	0.92	0.77	1.07
1980-81	7.81	0.46	0.20	0.15	0.46
1981-82	7.83	0.41	0.98	0.94	1.25
1982-83	8.35	0.64	1.17	1.10	1.42

Losses are primarily due to low rates of abiana (water rates/levy) which have not been revised since 1976 and are far below the

estimated expenditure on maintenance of the irrigation system as shown below :—

Category of irrigation	Estimated maintenance cost per hectare as suggested by the Chief Engineer, Irrigation	Existing (August 1985) abiana rates per hectare	
		Gravity Schemes	Lift Schemes
(a) Kashmir Division			
(i) Hilly canals	Rs. 575	(i) Paddy- Rs. 16.30	i. wet crop- Rs. 51.37
(ii) Semi Hilly	Rs. 200	(ii) Maize- Vegetables Rs.8.15	ii. Dry crops- Rs. 25.68
(iii) pumped irrigation	Rs. 600		
(b) Jammu Division			
		(i) Paddy and Sugar cane- Rs. 20.05	Rs. 51.37
		(ii.) Other Crops- Rs. 7.70 to Rs. 15.43	

The Chief Engineer, Irrigation proposed (March and November 1981) upward revision of abiana rates but these have not been revised by the Government so far (August 1985) for which reasons were not intimated.

4.15.5. Rajal Lift Irrigation Scheme

4.15.5.1 Introductory

The scheme was taken up to irrigate about 2400 ha land under kharief and Rabi crops in ten villages of Rajal areas of Nowshera Tehsil, Rajouri District. The Project envisaged construction of (i) a 60 cusec capacity pump station on the left bank of Nowshera Tawi near village Thathi (about 3 kms. upstream from Nowshera town), and (ii) a 22.3 kms. (subsequently reduced to 19.5 kms.) lined canal. The project was approved in June 1976 for Rs. 2.39 crores. It was proposed to lift water to the canal head through 40 metres. Work on the scheme started in 1974-75 without technical sanction.

4.15.5.2 Targets and achievements

(a) Physical

As per original project report, the scheme was to be completed by 1978-79 but it was only partly commissioned in August 1984. The Executive Engineer, Rajal Irrigation Division (R.I.D) stated (June 1985) that subject to availability of funds the scheme was expected to be fully commissioned by March 1986. Delay in completion of the scheme which has delayed accrual of benefits to the agriculturists has been mainly due to the problems encountered during construction of pump house-cum-intake structure, which had been started without geological investigations to ascertain classification of soil strata likely to be encountered during excavation.

Against the annual envisaged target of 2400 ha, the potential created and utilized till June 1985 was only 450 ha and 200 ha respectively. Shortfall in utilization was stated to be due to non-construction of khuls (field channels) and non-levelling of land by zamindars.

(b) Financial

Against the original estimate of Rs. 2.39 crores, expenditure to end of March 1985 was Rs. 5.09 crores. Revised estimate for Rs. 5.57 crores proposed in September 1983 is awaiting sanction (June 1985). A comparison of the original and proposed revised estimate shows that the revised cost varies between 101 to 521 per cent in respect of the following items :—

Sub-head	Provision as per		Excess	Percentage of increase over original estimates
	Original estimates	Revised estimates		
(Rupees in lakhs)				
(i) Pump house and Regulators/	22.50	139.66	117.16	521
(ii) Buildings	7.05	21.22	14.17	201
(iii) Lining of canal	44.07	88.43	44.36	101
(iv) Distribution system	17.54	101.33	83.79	478
(v) Maintenance during construction	2.10	12.97	10.87	518
(vi) Establishment	19.50	55.43	35.93	189

The increase is mainly due to (i) escalation in the cost of labour and material arising from delay in completion of the work, (ii) higher expenditure on pump house-cum-intake structure due to change of design during construction and (iii) excessive expenditure on maintenance during construction and establishment. Against about Rs. 4.70 lakhs permissible for maintenance during construction as per norms fixed by the Central Water Commission, the revised estimate provides Rs. 12.97 lakhs and actual expenditure ending March 1985 was Rs. 14.15 lakhs. Against Rs. 48.09 lakhs permissible for regular and workcharged establishment as per norms followed for other schemes, provision in the revised project estimate is Rs. 55.43 lakhs. Expenditure up to March 1985 on maintenance of Ist twelve kms of the canal commissioned in August 1984 was also debited to capital.

4.15.5.3 Execution of civil works

(a) Pump house-cum-intake structure

Extra expenditure and delay due to starting of work without soil investigation

(i) Without finalizing the structural design and getting the detailed estimate technically sanctioned, tenders for the work (estimated cost : Rs. 13.48 lakhs) were invited in May 1973 on the basis of the specification drawings prepared by the State Design Directorate (S.D.D.). The S.D.D. had been assured by the Irrigation Department that sound rock was available at the site of the proposed pump house.

The work allotted to a contractor in September 1978 was started in November 1978. Foundation work up to High Flood Level (H.F.L.) was required to be done in one operation before the rainy season of 1979. Design and construction drawings for the raft and a portion of the R.C.C. work were sent by the S.D.D. in February 1979 and those for flank walls in June 1979 and raft under flank walls was laid in May 1979. As some foundation soil tests requiring one month had to be conducted before the sump raft could be laid and as by that time rains would have set in, that work was deferred till the end of 1979 monsoon.

During the rainy seasons of 1979, sump pit got filled and the coffer-dam was washed away. The Chief Engineer, Irrigation reported (March 1981) to Government that schedules of completion of foundation got disrupted due to non-supply of construction drawings in time and non-conducting of some soil tests introduced by the S.D.D. after issue of tender notice and upheld the contractor's claim for

clearance of sump pit and reconstruction of coffer-dam at Government cost for restarting the work though this was in contravention of the terms of the agreement drawn with him. Rs. 1.37 lakhs were paid to the contractor on this account in addition to departmental material costing Rs. 0.40 lakh. Similar expenditure of Rs. 0.68 lakh was incurred after the work on pump house suspended in the rainy season of 1980 for some geological observations were restarted. The extra expenditure of Rs. 2.45 lakhs could have been avoided had geological investigation of the soil strata likely to be encountered in the foundations of the pump house been carried out before putting the work to tender and results communicated to the S.D.D. for preparing construction drawings for supply to the Irrigation Department in time. Soil tests were desired (November 1978) by S.D.D. as the result of a borehole drilled by Geology and Mining Department in July-September 1978 showed existence of compact shale only, and not sound rock near the proposed foundation level of the pump house and actual excavation there had also shown only sandstone.

(ii) In June 1982 the contractor refused to continue with the balance work (estimated cost : Rs. 5.94 lakhs) which included the pump house roof, stating that the work had been delayed due to late supply of drawings by the Department and that against the agreement amount of Rs. 13.48 lakhs he had already executed items valuing Rs. 16.48 lakhs. On the consideration that speedy and firm steps were required for completing the balance work in a month's time i.e. before monsoon of 1982 and completing the civil works for installation of mechanical equipment etc., the District Superintending Engineer decided (June 1982) to allot three items valuing Rs. 2.15 lakhs without calling for tenders and one item of Rs. 3.79 lakhs after calling short term tenders. Works allotted without calling tenders were done during September 1982 to June 1983 and that allotted on short term tender in the latter half of September 1982 was done between December 1982 to March 1984. Thus, the object for which works were allotted at higher rates without calling for proper tenders etc. was also not achieved. Extra expenditure on items of balance work valuing Rs. 1.35 lakhs as worked out by Audit comes to Rs. 0.96 lakh. Such extra expenditure involved in the remaining items (estimated cost : Rs. 4.59 lakhs) could not be worked out (July 1985).

Orders regarding extension, with or without penalty, in the stipulated period of eighteen months for completion of work by the original contractor, have not been issued (July 1985).

(iii) On the assumption that sound or suitable sandstone rock would be available, the sump raft and the counter fort heel had been

proposed to be anchored on the hill side of the pump house at the rear where some half-tunnelling was required to be done for accommodating them. During excavation, it was observed that side rock cut for sump chamber could not withstand blasting and no anchor blocks could be provided there. Half-tunnelling done for laying the counter fort heel resulted in rock fall which exposed a seam of shale and so anchorage of wall to the back hill could not be relied upon. The design of the relevant items was changed and side abutments of full width etc. provided.

Due to excessive rock cutting, the proposed pump house structure had to be shifted by 1 metre to 1.5 metres towards rock side. This involved corresponding extra cutting and filling in a portion of the already excavated foundations.

Irrigation Department decided to fill up the undercut portion by mass-concrete, partially continued the work on the backwall and stopped other work for observing the behaviour of the exposed face of the rock for rainy season of 1980. After inspecting the side (January 1981) the geologists observed that even though no movement had taken place in the overhanging rock at the rear of the pump house yet the backwall required to be adequately strengthened to provide for possible movement of the overhanging fractured sandstone rocks and suitable changes were necessary in the design, in view of the constructional activity at the intake structure having already progressed too far. In November 1978 also, the geologists had mentioned that as the headwork site had been predetermined and much of the civil works including construction of the canal had already been done before a reference was made to the Geology Department not much could be done by them at that stage.

The Chief Engineer, Irrigation decided (February 1981) that the S. D. D. should be apprised of the basic points raised by the geologists and, to that extent, suitability of the structure should be re-examined and necessary improvement made in the designs which should be safe against adverse rock movements.

Exact extra expenditure on the above items involved due to defective planning and execution of the work was not intimated (July 1985) to audit. It was, however, observed that as a result of changes etc. in the design of the work during execution, the estimated expenditure on pump house-in take structure rose from Rs. 13.48 lakhs to Rs. 39.55 lakhs including the cost of departmental material.

4.15.6 Shiva canal

It was mentioned in paragraph 3.2 of the Audit Report 1980-81 that work on Shiva Canal in Doda District which was started in 1977-78 at an estimated cost of Rs. 76.56 lakhs and suspended in April 1979 pending finalisation of the revised project report was resumed in November 1979 but remained incomplete till March 1982 even though expenditure of Rs. 93.50 lakhs had been incurred. According to the revised project report it was to be completed by 1981.

Review of the accounts of the project from April 1982 onwards has disclosed that as per Government directions (November 1983), work on the scheme was again suspended and Works Minister, Law Minister, Commissioner, Power Development Department, Secretary, Irrigation and Chief Engineer, Irrigation were desired to inspect the works and decide upon further action.

A revised project estimate for Rs. 4.98 crores was sent by the Chief Engineer, Irrigation to Government in February 1984. It showed that though work in almost entire length (43 kms) of the canal had been taken up, not even a single reach had been completed as construction of a major nallah crossing was involved in one section and major slide-zones had developed in some other sections where construction of a pucca contour channel had been ruled out by the geologists. In November 1984, the Chief Engineer noticed following further points and sought Government orders for continuing or abandoning the work on the canal :—

- examination of cross sections of the prominent slip zones revealed that the proposed canal when completed could not stand ;
- a road had been constructed by the Roads and Buildings Department above the canal which ran parallel to the canal alignment and canal already constructed had got severely damaged (damages between December 1983 and March 1985 were estimated at Rs. 22 lakhs);
- the area was prone to heavy rains and snow and frequent removal of slips would involve high maintenance cost and as most of the command area is at the tail end, a long idle length would have to be maintained besides very costly treatment of slide-zones which were unstable ; and
- capital investment of Rs. 5 crores with expected heavy annual maintenance for irrigating an area of 3000 acres was an uneconomical proposition.

Expenditure on the canal to end of March 1985 amounted to Rs. 1.25 crores besides unpaid liabilities of Rs. 0.05 crore. The expenditure on the canal included Rs. 1.69 lakhs spent on works done or purchases made from April 1983 to March 1984 in contravention of the Government instructions (March 1983) for not carrying out any work on the canal. The Government again issued (May 1985) instructions that staff employed on the canal be diverted to other schemes and pending liabilities of Shiva Canal cleared during 1985-86. Formal orders for abandoning or continuing the scheme have not been issued so far (July 1985). Departmental material worth Rs. 6.95 lakhs issued on the canal works prior to March 1983 was outstanding (July 1985) against some section officers/contractors, who had been transferred from the Division/left the relevant works.

District Development Board, Doda desired (November 1983) that, in case the slides occurring in the canal alignment prevented its use for irrigation, the possibility of the canal being used for power generation may be explored. Action taken in this behalf was not intimated (July 1985) to audit. Central assistance of Rs. 0.31 crore (provisional figure) was also received for Shiva Canal under Drought Prone Area Programme as it was treated as a Centrally sponsored scheme up to March 1979.

4.15.7 Marwal Lift Irrigation Scheme

4.15.7.1 Introductory

The scheme envisaged provision of irrigation facilities on double crop pattern through a three-stage canal to an area of about 11421ha mostly bounded by the river Jhelum and a stretch of the Srinagar-Charar-i-Shariff road. The pumping station, for lifting 350 cusecs of water from the river Jhelum through 10.6 metres and putting it in the first stage of the canal, is at village Marwal about 17 kms, from Srinagar. From the second stage pump house at village Suthsoo some water is lifted over height of 6.70 metres for delivery into a low-lift canal and some to a height of 23.17 metres to a delivery tank serving as intake for the third stage of the canal. The third pumping station is at village Bugam where the canal water is again lifted over a height of 16.5 metres and put into third stage of the canal. Total length of the canal is 26.5 kms.

4.15.7.2 Targets and achievements

(a) Physical

As per original Project Report, the scheme was to be started in 1972-73 and completed in 1977-78. It was started in 1973-74 and its

first stage and the low-lift of the second stage partly commissioned in May 1980 and high lift of second stage and third stage commissioned in June 1984 and June 1985 respectively. However, against the envisaged final target of 28200 acres, potential of only about 3700 acres has been created and utilized (up to kharief 1984). Due to late start and delay in execution, the envisaged benefits from 1977-78 to 1979-80 could not be realised and achievements from 1981 onwards, as mentioned below, also significantly fell short of the anticipations for which reasons were not intimated (July 1985) :—

Crop	Irrigation potential created	Area actually irrigated	Shortfall
(In acres)			
Rabi 1981 Kharief 1981	3500	—	3500
Rabi 1982 Kharief 1982	3500	2772	728
Rabi 1983 Kharief 1983	3500	2959	541

The Executive Engineer, Irrigation Division, Pampore stated (July 1985) that delay in execution of the project was due to shortage of funds and material. It was observed in audit that commissioning of the high lift of the second and third stages of canal was delayed by over four years due to problems which cropped up during construction of pump house at Bugam and second stage canal R. D. 24400-28700 as a result of these works having been started without geological investigations. Delivery tank of pump house second stage collapsed on testing and about 2½ years were taken in constructing the new delivery duct at a cost of Rs. 3.02 lakhs (including Rs. 0.23 lakh on dismantling of the collapsed tank). Only steel valuing Rs. 0.05 lakh was salvaged from the collapsed structure. Findings of the Regional Engineering College, Srinagar, to whom the matter was referred (October 1979) by the Chief Engineer, Irrigation and of the committee of two Chief Engineers and the Director, State Design Directorate set up (March 1980) by Government for conducting enquiry have not been made available to audit so far (July 1985).

(b) Financial

Original estimate for Rs. 2.41 crores approved in December 1973 was proposed in 1974-75 to be revised to Rs. 4.32 crores. Second re-

vised estimate for Rs. 7.17 crores proposed in September 1984 was awaiting (July 1985) sanction. Expenditure ending March 1985 was Rs. 5.92 crores. Original and proposed revised cost in respect of various components of the scheme shows that in respect of maintenance during construction, civil works, distribution system, mechanical works, lining and communications, the increase ranged from 2 to 12 times the original estimate. This was due to escalation in the cost of labour and material resulting from delay in completion of the project, inclusion of new items, enhancement of lumpsum provisions for some items included in the original estimate without technical and financial details, extra expenditure on pump house at Bugam and other works started without geological investigations.

The canal was partly commissioned in May 1980 but abiana (water levy) demand was assessed from kharief 1982 only. Reasons for not assessing the levy demands from kharief 1980 to Rabi 1982 were not intimated (July 1985) to audit. Against the total abiana demand of Rs. 1.71 lakhs from kharief 1982 to Rabi 1985, only Rs. 1.12 lakhs had been realized ending March 1985, leaving an outstanding of Rs. 0.59 lakh. Expenditure on maintenance of the portion up to March 1985 was also debited to capital.

4.15.7.3 Execution of civil works

(a) Pump house III at Bugam and its pre-construction foundation failure etc.

(i) The work estimated to cost Rs. 11.95 lakhs (excluding departmental material) was put to tenders in April 1976 without obtaining technical sanction and conducting geological investigation of soil strata at the foundation site. The work along with three other works (estimated cost : Rs. 24.43 lakhs), was allotted by the Government to a contractor in September 1976 who started it in November 1976. After the desired level of excavation was achieved and piles were driven into foundations, a problem arose due to abnormal heaving of the bed of the trench as a result of which about 350 driven piles were ejected. After consulting some experts including Regional Engineering College, Srinagar (Rs. 0.12 lakh paid as consultancy charges) the problem was overcome by removing heaved bed material, by extracting and re-driving piles and increasing their number, special treatment of foundations, altering pump house dimensions increasing the area of foundation raft etc. Rs. 4.64 lakhs were paid to the contractor for the additional items and total cost of the pump house on the basis of the

revised drawings doubled from Rs. 11.95 lakhs to Rs. 24.75 lakhs. The main work also remained suspended for about a year.

As the relevant protection works, delivery tank, canal beyond the third stage were almost complete when foundation trouble was experienced in the pump house, the departmental officers emphasized the need for adopting correctional measures at the site where the work had already been started as at that advanced stage no alternative site could be considered.

(ii) When items costing Rs. 3.53 lakhs at allotted rates (out of Rs. 11.95 lakhs) were still to be done on the pump house, the contractor refused to continue the work and asked for revision of his rates stating that the delay was not his fault and on the four works including pump house and second stage of the canal allotted to him at a total cost of Rs. 36.38 lakhs he had already done work valuing about Rs. 40.25 lakhs. His claim for increase in rates for the balance work was accepted by the Department on the consideration that the work had got delayed due to abnormal heaving problems in the foundations and unless the balance work was done early, the pump station would not be completed in 1980-81. After doing the balance work valuing Rs. 5.27 lakhs at the enhanced rates, which resulted in extra expenditure of Rs. 1.74 lakhs compared to the stipulated rates, the contractor left the work incomplete. The remaining portion of the work estimated to cost Rs. 1 lakh at the original contractor's enhanced rates was got done through another contractor during September 1982 to September 1983 at a cost of Rs. 1.11 lakhs and the pump house was commissioned in June 1984. Thus, the consideration for which extra expenditure had been agreed to were also not fulfilled. Recovery of Rs. 1.98 lakhs (at double the issue rate) on account of cost of unused departmental material not returned by the original contractor has also not been effected (July 1985).

(iii) Along with the pump house, construction of 2nd stage canal from RD 24400 onwards had also been allotted to the same contractor in September 1976 for Rs. 6.86 lakhs. At the time of floating tenders the starta to be encountered during excavation was contemplated to be saturated earth. No geological investigation was conducted on the ground that the strata was, by and large, alluvial. The presumption about the nature of the strata was, however, not well founded, as during excavation the strata met was mostly found to be sand and fine silt due to which the canal could not retain its side slopes.

A lining of the canal tried in a length of 50 metres did not prove to be a sound corrective measure, it was decided to have R.S. masonry walls on both sides. The contractor, however, did not agree to execute this additional item of work at his contracted rates (cost : Rs. 12.48 lakhs) on the grounds that he had already executed more work than as per the agreement. The Chief Engineer, Irrigation negotiated higher rates (total estimated cost : Rs. 17.90 lakhs) with the contractor and recommended extension of the contract at the negotiated rates on the consideration that the contractor had given an undertaking to complete the work in eleven working months and that retendering might involve higher cost. The contractors committee, however, desired (January 1980) that the job be put to tender. The work was allotted to the same contractor but at his fresh tendered rates (Rs. 23.29 lakhs) which were higher than those negotiated with him by the Chief Engineer (Rs. 17.90 lakhs). Payments aggregating Rs. 23.29 lakhs (excluding cost of material supplied by Department) were made to him for the work done. Computed with reference to the original rates of the contractor and the rates negotiated with him by the Chief Engineer, allotment on the basis of fresh tenders resulted in extra expenditure of Rs. 10.81 lakhs and Rs. 5.39 lakhs respectively.

This work also was left incomplete by the contractor on the plea that he had executed the work up to the agreed amount. The balance work was allotted to another contractor in October 1982 but the extra expenditure involved was not intimated (July 1985) to audit.

(b) Unplanned stacking of excavated material resulting in recurring expenditure

The Executive Engineer, Irrigation Division, Pampore, reported (March 1982) that during construction of canal, excavated material was dumped on its banks where very small strips of departmental land were available and huge quantity thereof was lying on the banks which slid into the canal during rains. Leaking from wooden flumes of some khuls crossing Marwal canal and cuts made by some zamindars for letting water from their fields into the canal were also stated to be increasing silt. Depth of silt in one stretch varied from 2 feet to 3.5 feet, which had reduced the carrying capacity of the canal. For passing the required discharge of water for kharief 1982, Rs. 1.55 lakhs were spent for excavating a cunette of 10 feet width in a section of the silted canal. Expenditure on silt clearance in this reach from September 1983 to March 1985 amounted to Rs. 2.44 lakhs. Permanent remedial measures taken for avoiding this recurring liability and action taken for the initial defective work were not intimated (July 1985) to audit.

4.15.8 Niu Karewa Water Storage Scheme

4.15.8.1 Introductory

The scheme with a cultural command area of 4050 ha envisages construction of three successive connected water storage dams on Khanchi Khul at Karapora, Tujan and Malapora with ancillary distribution system for providing irrigation facilities to an area of about 4627 ha (Kharief : 3007 ha and Rabi : 1620 ha) in Chadura and Pulwama Tehsils in Kashmir. The Project formulated in 1968-69 was administratively approved by the Government in September 1973 for Rs. 0.94 crore. Sanction to the revised estimate of Rs. 4 crores proposed in November 1984 and to the technical estimate has not been accorded so far (August 1985). Expenditure till the end of March 1985 was Rs. 2.36 crores.

4.15.8.2 Targets and achievements

The work on the scheme was started in 1973 for completion by 1975-76 but is still (July 1985) in progress and, subject to availability of funds, is expected to be completed by 1987-88. It was observed that adequate geological investigations were not conducted before starting the work and a number of changes were made in its design and quantum during execution resulting in delay in providing intended benefits and substantial extra cost.

4.15.8.3 Execution of civil works on the dams

(a) Extra expenditure due to starting of work without soil investigation

The original project report provided that investigations were to be carried out for dam sites and reservoir areas for ascertaining the characteristics of the soil for assessing right treatment of foundations, bodies of the dams, reservoir areas and the spillways.

(i) Work on Malapora dam was started in 1973 on the basis of preliminary surveys without conducting soil investigation. During excavation, it was found that the site was not suitable because of weak flank walls and foundations. As a result, excavation work in progress till April 1975 costing Rs. 0.52 lakh was stopped and the site abandoned.

After conducting soil investigation, the State Design Directorate (SDD) revised the proposals of the main dam and the rock toe and suggested shifting of axis of the dam fifty feet downstream and incorporation of an earthen blanket for 800 feet upstream as the dam was located in a gravel mattress. The work on the changed site was started in November 1976. As a result of these changes, the original provision of Rs. 8.85 lakhs for the dam was enhanced to Rs. 22.00 lakhs which, in the estimates proposed in November 1984, has again been revised to Rs. 30.37 lakhs.

(ii) The work on Karapora dam was also started without conducting soil investigation on the presumption that the dam was located on an impervious bed. During execution, the right bank of the reservoir was found by the department to be slender and it was apprehended that it might fall when the reservoir was full. During excavation, a tunnel was also uncountered in this bank. S.D.D. suggested that the bank be strengthened for a length of 600 feet by means of providing a "Pushta" and the tunnel be opened and refilled with suitable material. Revised (November 1984) estimate provides Rs. 6.37 lakhs for strengthening the right bank of the reservoir and Rs. 3.61 lakhs for closing the natural tunnel. Actual expenditure incurred on this account was not intimated (July 1985).

Impervious strata was not encountered in the central gap of the dam site even after excavation below 4-5 feet of the designed bed level and work on this site was suspended (August 1983). During inspection of the site in August 1983, the District Superintending Engineer remarked that from visual observation of the open gap, it appeared that the portion of the main dam already built on the left side of the gap was also located on a gravel mattress. The Chief Engineer, Irrigation issued instructions in November 1983 for appropriate treatment of infirmities to avert any mishap and desired proper probe into the existence of a previous layer under the built-up portion of the dam body on left side of the central gap.

In March 1984, the Executive Engineer, Irrigation Construction Division, Ompora, after consulting the District Superintending Engineer, advised the construction contractors, Jammu and Kashmir Projects Construction Corporation Limited (JKPCC—a State Government Company) to resume the work on the dam site but the Company apprehended that it would not be safe to start filling of central gap without curing the already diagnosed ailments, which were not favourable for construction of an earthfill dam. Moreover as pervious rock had

been encountered even 4-5 feet below the designed bed level, it needed consideration as to whether the dam body could be built on such a strata. In April 1984 also, the Chief Engineer, Irrigation observed that remedial measures for the problems confronted at the site of the work be devised so that the purpose of the dam was not defeated.

The problem was referred to the Regional Engineering College, Srinagar who sent their preliminary report in June 1984 on the basis of which the District Superintending Engineer asked JKPCC to restart the work but it was again stopped in September 1984 as per orders of the Chief Engineer, Irrigation. Final report of the Regional Engineering College is awaited (July 1985) and, except restoration of some damages, the work on the central gap of the dam, suspended in August 1983, has not been resumed (July 1985). JKPCC reported in March 1984 that a lot of damages had occurred to the work already done. Some damages had taken place after March 1984 also. Estimates extra expenditure in remedying the soil deficiencies and restoration of the damages were not advised (July 1985). Consultancy charges of the Regional Engineering College amounted to Rs. 0.29 lakh. The dam was initially designed by the S.D.D. Reasons for not referring the matter to them, which would have saved the aforesaid expenditure, were not intimated (July 1985) to audit.

(b) Extra expenditure due to allotment of work at higher rates

(i) The main work comprising the three dams was allotted by the Government to JKPCC in June 1973 for Rs. 50.21 lakhs as shown below against Rs. 40.53 lakhs negotiated (April 1973) by the Chief Engineer, Irrigation with the lowest tenderers :—

Name of the work	Cost negotiated by Chief Engineer	Cost at which work allotted to the JKPCC
<i>(Rupees in lakhs)</i>		
1. Construction of Karapora Dam	12.02	22.54
2. Construction of Tujan Dam	14.51	11.44
3. Construction of Malapora Dam	14.00	16.23
Total	40.53	50.21

Considerations for allotting work to JKPCC, who had not tendered for the same, at higher cost were not intimated (August 1985) to audit.

Agreement for the above works for Rs. 50.21 lakhs was executed with the Company in January 1976 i.e. after about 2½ years of the allotment of the work. During execution, quantities of a number of items far exceeded those stipulated in the agreement and a number of additional items were required to be done as a result of major changes in design of the work introduced by the Irrigation Department, subsequently.

(ii) For quantities executed in excess of 15 per cent of those stipulated in the agreement and for additional items, enhanced rates as compared to those normally admissible in terms of the agreement, were agreed in favour of the Company by the Contracts Committee in January 1980 on price escalation considerations. As a result, the value of the work to be done by JKPCC increased to Rs. 1,56.34 lakhs. A supplementary agreement for Rs. 1,06.13 lakhs was drawn up with the Company in December 1980. The increase in rates involved in extra expenditure of Rs. 16.16 lakhs as compared to the rates stipulated in the agreement. The extra expenditure could have been avoided if the work had been allotted on the basis of the negotiated rates after preparing correct estimates.

As per the supplementary agreement, entire work was to be completed by the end of 1981-82 but it is still (July 1985) incomplete. Expected date of completion was not advised (July 1985) to audit. Formal orders, with or without penalty, about extension in the stipulated period of completion, have also not been issued so far (July 1985).

4.15.9. Lethpora Lift Irrigation Scheme

4.15.9.1 Introductory

The scheme envisages provision of dry crop irrigation facilities through a canal system to an area of about 8000 acres (Kharief : 4,500 acres and Rabi : 3,500 acres) in Pulwama and Srinagar Districts in Kashmir by lifting water from river Jhelum through a 90 cusecs (initially 40 cusecs) capacity pump station near village Lethpora on Srinagar Anantnag road for being put into the first stage of the canal. The second and third stages canal pump houses with capacity of 75 cusecs each and lifts of 10 metres and 30 metres are near villages Barsoo and Ladhoo respectively and the total canal length is 21 kms. The project was taken up for execution in 1972-73 at an estimated cost

of Rs. 0.95 crore which was revised to Rs. 2.77 crores in 1977. Sanction to second revised project estimate for Rs. 4.76 crores (proposed in August 1984) and technical estimate have not been accorded (July 1985).

4.15.9.2 Targets and Achievements

(a) Physical

As per original Project Report, the scheme was to be started in 1971-72 and completed in stages by 1976-77. The following irrigation targets were envisaged.

Year	Area to be irrigated
	(Hectares)
1974-75	972
1975-76	972
1976-77	2430
1977-78	2835

Work on the scheme was started in 1972-73. First stage of the canal was partly commissioned in June 1983 and second and third stages in May 1984. Thus, the envisaged irrigation targets from 1974-75 to 1982-83 could not be realized. The Executive Engineer, Irrigation Division Pampore stated (July 1985) that the scheme could not be completed in time for want of funds and key construction materials.

Pump houses in stages I, II and III of the canal started between February 1973 to March 1974 were commissioned between June 1983 to May 1984 though the appurtenant civil works were completed between March 1978 and December 1978 and mechanical machinery installed during October 1978 to November 1979.

Creation and utilization of irrigation potential after commissioning has been as under :—

Crop	Potential anticipated	Potential created	Area actually irrigated
			(Area in hectares)
Khariief 1983	1822.50	101.25	24.70
Rabi 1984)			
Khariief 1985)	3402.00	405.00	293.20

Reasons for shortfall in creation of potential were not intimated (July 1985) to audit. Shortfall in utilization was due to farmers having taken to paddy cultivation instead of dry crop pattern envisaged in the Project Report despite departmental disincentives. The Executive Engineer, Irrigation Division, Pampore, reported in December 1984 to the Chief Engineer, Irrigation that in case the farmers did not change to the dry crop pattern, the command area of the canal for Kharief would be 607-810 hectares against 1822.50 hectares anticipated in the Project Report. A further report of cropping practices is awaited (July 1985).

(b) Financial

Expenditure ending March 1985 amounted to Rs. 3.99 crores. Original and revised estimated cost in respect of various components of the scheme shows that in respect of earthwork and lining, mechanical components, cross-drainage works, distribution system and regular establishment, the increase over the original estimate has been between 3 to 22 fold. This was attributed to increase in the capacity of canal from 40 to 90 cusecs, escalation in the cost of labour and material arising out of delay in completion of the project, inclusion of new items like tile lining and strengthening of unsafe embankments, inadequate lump-sum provision for some items in the original estimates without technical and financial details. Due to stretch in the project schedule, establishment cost increased from Rs. 4 lakhs to Rs. 32 lakhs (August 1984). Thus, the original estimate was not a realistic one. Even though canal was partly commissioned during 1983-84, expenditure on maintenance of commissioned portion up to March 1985 had also been debited to capital.

4.15.9.3 Execution of civil works-Extra expenditure due to defective construction of canal

On testing in August 1979, first stage of the canal breached at RD 2750. A 26 feet long retaining wall in R.S. masonry in cement mortar was constructed to remedy the defect. When retested in June 1980 the canal again breached RD 2750 eroding the foundation of the retaining wall and filling behind it, damaging masonry wall and about 100 feet canal lining. Canal in this portion, which was in filling, had been lined with 9 inch thick stone pitching with stone grouting cement concrete. The Chief Engineer, Irrigation desired (June 1980) that lining wall be constructed up to a length where fairly consolidated embankment was met, lining work damaged during testing in August 1979 and June 1980 be dismantled and sub-grade of the canal prepared again for lining comprising of R.S. masonry base course, cement concrete, sand

layer and cement concrete tile finish and cement filling. Canal reaches from RD(—) 225 to 1100 and RD 2350 to 3100 were reported (June 1980) to be very poor. Test results of soil analysis showed (September 1981) that canal embankment from RD(—) 225 to RD 2950 and 8500-12800 were unsafe. Rs. 6.17 lakhs were spent on tile lining in RD(—) 225 to 3000 up to March 1985 and against estimate of Rs. 4.93 lakhs (June 1982) payments made for strengthening embankment in RD(—) 225 to 2950, RD 8050-8750, RD 11100-13000 and 14700-16180 ending October 1984 amounted to Rs. 2.64 lakhs. Obviously, earth and lining work initially done in the above reaches was defective and substandard which involved extra expenditure on subsequent rectifications. Expenditure which proved infructuous as a result of dismantling lining etc. work done prior to June 1980 and whether responsibility for the initial defective work was fixed for appropriate action was not intimated (July 1985) to audit.

4.15.10 Monitoring/training

No monitoring cells at State/Project level have been set up in the State for monitoring of the projects and ensuring achievements of targets. Cost control cells have also not been constituted at the project level. No staff training Institute has been set up for advanced training and refresher courses in various aspects of water resources management. Evaluation has also not been made during 1979-80 to 1984-85 of the impact of irrigation projects on socio-economic conditions or in terms of increase in yield. Reasons for not taking these measures were not intimated by the Government (August 1985).

4.15.11 Other topics of interest

(a) In the following cases, extra expenditure was incurred due to non-enforcement of terms of contracts, delay in finalisation or change of design of work during execution or abandonment of works by contractors :—

- i. Construction of section 14 of "Lethpora canal" (estimated cost: Rs. 0.97 lakh) allotted by the Executive Engineer, Irrigation Division, Pampore in March 1977 for completion in six months was started by the contractor in May 1977. As the Department expected that stones would be available from excavation, only labour rates were advertised for masonry work. The contractor to whom the work was allotted had also quoted for supply of stones at road site and this item was, after negotiations with him, incorporated in his agreement as "supply of first class quarry stones at road site".

During excavation, it was found that the stones available could not be face dressed. Therefore, for outer side-wall of the canal for which face dressed stones were needed for achieving compact water tight masonry, stones were required to be obtained from other sources. The contractor, whose progress of work had been slow despite notices issued by the Department, stopped work in April 1978. He stated (June 1978) that he was not bound to get first class quarry stones for masonry work and would use only the stones available from cutting and in case the Department desired stones from Ladhoo quarry and face dressing also, rates therefor be negotiated with him. The Executive Engineer informed (June 1978) the contractor that in terms of the contract, he was bound to supply first class stones at the stipulated rates and the items of face dressing was payable to him as per sanctioned schedule of rates and no extra carriage was admissible for bringing stones from Ladhoo quarry as that was within 6 kms. of the work site and that in case he did not resume the work within 10 days the same would be got done at his cost. Since the contractor did not resume the work the balance work was put to tenders at the cost of the original contractor and after advertising it seven times between September 1978 and October 1980, it was allotted at higher rates to a contractor in December 1980.

On the Executive Engineer's subsequent plea (June 1980) agreed to by the Chief Engineer, Irrigation that as it was a case where change of specifications was involved due to technical requirements which could not be foreseen, the contractor's claim for the work done valuing Rs. 0.46 lakh was settled in April 1981 without any penalty. Non-enforcement of the terms of the contract has resulted in extra expenditure of Rs. 0.66 lakh in completing (December 1982) the balance work through second agency. Reasons for change in the views of the Executive Engineer about the penal action against the original contractor were not communicated (August 1985) to audit.

ii. In February-March 1981 when "Earth work of Rajal canal trench cutting including RCC covered channel from RD 6175-6500" allotted by the Executive Engineer, Rajal Irrigation Division (R.I.D.) to a contractor in December 1980 for completion in 6½ months was in progress, the sides of the excavated trench collapsed due to rains and heavy slips occurred. The contractor did not clear the slips stating that this had not been provided in relevant N.I.T./agreement. In October 1982, the Executive Engineer, R.I.D., reported to the District Superintending Engineer that 'removal of such huge slips which had occurred due to sudden natural calamity' was not a contractual obligation of the contractor nor was he able to do the work with required speed as Rajal canal had to be commissioned partly in March 1983 and

completion of the canal portion in question was a must for that. Slip clearance work started through other agencies in September 1982 was completed in April 1983 at a cost of Rs. 0.83 lakh.

It was observed in audit that the agreement entered into with the contractor specifically provided that damages to the work during execution were to be restored by him at his own cost.

iii. Construction work of aqueduct (estimated cost : Rs. 0.93 lakh) on Rajal canal allotted by the Executive Engineer, R.I.D. to a contractor in October 1978 for completion in 6 months could not be started up to October 1979 due to non-finalisation of the proposal for having a road-crossing at the aforesaid site. After the road-crossing proposal was finalised in October 1979, the work on aqueduct was started by the contractor in November 1979. After doing work valuing Rs. 0.71 lakh and receiving payment of Rs. 0.68 lakh, stopped it in July 1980 due to non-supply of cement by the Department. The contractor stated (October 1983) that as the Department had failed to supply him cement, he was not bound to do the balance work. Executive Engineer, R.I.D. reported (November 1983) that the position of cement in the Division remained tight from July 1980 to March 1982 and the contractor could not continue the work at his contracted rates for years together. The balance work was put to tenders (February 1983) and allotted (June 1983) at higher rates to another agency and is in progress (July 1985). Extra expenditure involved up to April 1985 amounted to Rs. 0.56 lakh. It was observed in audit that cement position with the Division up to July 1979 and between September 1980 to March 1981 was quite easy. The extra expenditure could have been avoided if proposal of the road-crossing had been finalized before allotting the work in October 1978 or the cement had been issued to the contractor between September 1980 to March 1981. Recovery of Rs. 0.12 lakh (at double the issue rate) on account of cost of unused departmental materials not returned by the original contractor has also not been effected (June 1985).

iv. Construction of Lethpora canal from RD 52700 to RD 53620 (estimated cost : Rs. 1.04 lakhs) was allotted by the Executive Engineer, Irrigation Division, Pampore, to a contractor in March 1977 for completion in seven months. The progress of work remained slow and after receiving payments aggregating Rs. 0.53 lakh ending March 1979, the contractor stopped it. He resumed the work in April 1979 but again stopped it in May 1979. The Assistant Engineer concerned reported (May 1979) that the contractor had not engaged sufficient labour and was avoiding execution of the work because his tendered rates were low. The balance work (cost estimated in

January 1980 at Rs. 2.40 lakhs) was allotted by the Executive Engineer, Irrigation Division, Pampore after calling tenders, to another contractor at higher rates in April 1980 for completion in four months. The work was started by him in June 1980 and completed in May 1984 at a cost of Rs. 3.06 lakhs excluding cost of departmental material. Computed with reference to the rates of the original contractor execution of work through second agency involved extra expenditure of Rs. 1.84 lakhs. Action for recovery thereof from the defaulting contractor and imposition of penalty upon the second contractor for delay of over 3½ years in completion of the work has not been initiated (July 1985).

(b) Non-recovery of cost of unused materials

Recovery of Rs. 6.38 lakhs (at double the issue rate) on account of cost of unused departmental materials not returned by twenty four contractors of Rajal canal works had not been effected (June 1985).

(c) Infructuous expenditure on work started without soil investigations

Construction of side channel of spillway forming part of 'water storage tank of Yousmarg' was allotted to Jammu and Kashmir Projects Construction Corporation Limited in 1973. The work started in 1973 without conducting soil investigations was abandoned after earth excavation valuing Rs. 2.15 lakhs had been done as on testing the soil encountered was not found to be suitable. Rs. 0.23 lakh were paid for refilling the excavated area. This infructuous expenditure of Rs. 2.38 lakhs could have been avoided if geological investigations had been done before starting the work.

4.15.12 Summing up

Against the allocation of Rs. 60.94 crores for Sixth Plan, funds allowed in the State Annual Plans for major and medium irrigation schemes from 1980-81 to 1984-85 amounted to Rs. 56.89 crores. There was a shortfall in actual expenditure to the extent of Rs. 3.02 crores.

Eleven schemes spilled over to the Sixth Plan period and twelve new schemes were proposed to be taken up. Out of these 23 schemes, ten were proposed to be completed during the Sixth Plan. Seventeen already commissioned canals were also proposed to be modernized at a cost of Rs. 18.45 crores. Actually only six new schemes were taken up and, in all, only four schemes partly commissioned during the Sixth Plan period. Modernization was started only on five canals and Rs. 2.09 crores were spent thereon.

Against the additional irrigation potential of 52.03 thousand hectares potential of 32.72 thousand hectares only was created during the Sixth Five Year Plan period an achievement of only 63 per cent, although the expenditure (Rs. 53.87 crores) during the said period constituted about 88 per cent of the approved Plan allocation of Rs. 60.94 crores. The shortfall was largely due to delay in the completion of some of the schemes (Ranjan, Rajal, Marwal and Lethpora Lift Irrigation Schemes).

Adequate action was not taken on the suggestions of the Government of India regarding measures for development of major/medium irrigation projects in the State.

Estimated maintenance expenditure on irrigation far exceeded the prescribed water levy (abiana) rates and huge losses are being incurred by the State on this account primarily because abiana rates fixed in 1976 have not been revised by Government despite proposals from the Chief Engineers.

Work on almost all the pump houses and some canals and dams was started without proper soil data and geological investigations. This led to several alterations in designs and sites and inflated the costs through protective and rectification works as well as damages and delays. These unplanned forays also caused several contractors to leave the works incomplete or negotiate higher rates for extra quantities and new items of work, or retendering of works. In several of the schemes the protracted execution also entailed avoidable expenditure on maintenance of the partly constructed canals, foundation structures, embankments, etc. Inevitably the project estimates had to be repeatedly revised and were awaiting technical sanction and administrative approval for all the schemes.

The matters were referred to the Government (September 1985); their reply is awaited (May 1986).

4.16 Infertuous expenditure on a Lift Irrigation Scheme

The Dabbar Petha Lift Irrigation Scheme envisaged irrigation of 224 hectares of land for double cropping in Dabbar and Petha villages of Nowshera, Rajouri; the scheme provided for lifting water from the Nowshera Tawi Nallah and construction of a two kilometre irrigation canal. The work was started in 1974-75 in anticipation of administrative approval (accorded by Government for Rs. 11.35 lakhs in 1978) and technical sanction which is still awaited (August 1985). Although Rs. 23.43 lakhs had been spent on the scheme till the end

of March 1985, the scheme which was targeted for completion in 1978-79 has still not been completed. Administrative approval to the revised estimate for Rs. 36.53 lakhs submitted in February 1985 is yet to be accorded (August 1985).

As the bed of the nallah was deeper towards the left bank than at the proposed site of the pump house on the right bank, the original project report provided for diversion works and construction of a 420 metre pilot channel (estimated cost : Rs. 0.62 lakh) for guiding the water to the intake point. Due to high floods in the nallah (June 1980) silt and boulders get deposited near the right bank further raising the bed level near the intake point. Diversion works 500 to 600 metres upstream of the pump house executed during 1980-81 at a cost of Rs. 2.26 lakhs could also not change the profile of the nallah. These were extended at a cost of Rs. 2.13 lakhs between April and August 1983. All these works got partly washed away in September 1983 due to rains when the Department decided to construct a covered supply channel on a new alignment away from the damaged works thereby rendering infructuous the expenditure of Rs. 4.39 lakhs on the initial diversion works. This would indicate that the original scheme had not been conceived after adequate investigation.

A committee headed by the District Superintending Engineer, Public Works Department, Rajouri constituted (January 1984) by the Chief Engineer, Irrigation and Flood Control Department, Jammu for formulating proposals for the intake channel suggested (April 1984) drawal of water from a permanent deep pond on the right bank about 825 metres upstream of the pump house and construction of a RCC barrel (estimated cost : Rs. 11 lakhs) connecting the pond to the pump house. Without getting the detailed structural design approved by the State Design Directorate, and in contravention of the Chief Engineer's instructions (April 1984) not to start work till submission of the revised proposals work on the proposed RCC barrel was allotted (May 1984) by the District Superintending Engineer, Rajouri to two contractors who executed earthwork valuing Rs. 1.41 lakhs (Payments not made up to August 1985). The work was suspended (January 1985) pending approval of structural design which is awaited (August 1985).

Thus, due to non-finalisation of the design for a feasible supply channel for feeding the pump house, the investment of Rs. 7.75 lakhs on construction of the pump house, two quarters and an approach road (completed in 1982-83) as also Rs. 2.70 lakhs on the construction of the two kilometre canal (1977-78) has remained idle (August 1985).

In addition, Rs. 0.50 lakh have been incurred till March 1985 on the maintenance of the uncommissioned schemes.

The matter was reported to the Government in September 1985; reply is awaited (June 1986).

4.17 Non-recovery of rent from employees occupying Government accommodation

Eighty two residential quarters/flats constructed by the Ravi Tawi Irrigation Complex (R.T.I.C.) in Kathua (71 flats/quarters) and Jasrota (11 quarters) during 1975-78 were occupied by the employees concerned between March 1976 and May 1979. Though there were no orders for allotment of rent free accommodation the rent due was not recovered from the occupants on the ground that a proposal for allowing them this concession had been submitted (January 1981) to Government. The State Finance Department agreed in October 1981 to allow house rent allowance/rent free accommodation with effect from 1st April 1981 to the employees of the R.T.I.C. posted at such places of the project area as were inaccessible/unhealthy/expensive and lacked basic amenities at specified rates. Public Works Department accordingly asked (October 1981) the Chief Engineer, R.T.I.C. to specify places in the project area which conformed to the conditions laid down by the Finance Department but no further orders in this behalf have been issued by the Government so far (September 1985).

Rent due ending March 1981 and March 1985 was assessed at Rs. 1.15 lakhs and Rs. 2.15 lakhs respectively. Though Chief Engineer, R.T.I.C. issued instructions in 1983 and again in December 1984 for recovery of rent it was observed in audit that out of seven offices/units responsible for collection, five had not effected any recovery and two had recovered Rs. 0.21 lakh (up to March 1985) relating to the period December 1980 to March 1985 of which Rs. 0.01 lakh only had been credited to revenue, the remaining amount (Rs. 0.20 lakh) being kept in deposit pending decision of the Government regarding providing rent free accommodation.

Unauthorised postponement of recoveries besides providing unintended benefit to the concerned employees is likely to make the revenue irrecoverable.

The matter was reported to the Government in October 1985; reply is awaited (September 1986).

Urban Environmental Engineering Department

4.18 Dal Lake Development Project

4.18.1 Introductory

The Dal Lake is a central feature of Srinagar around which much of the social and economic activities of city are centred. For assessing the physical condition of the Lake and the causes responsible for its pollution and decline and suggesting measures for improvement, the Government engaged (1977), consultancy service group of experts from New Zealand called ENEX. The consultants pinpointed the causes, suggested measures for checking deterioration and stressed the need for improving the water quality of the Lake in the open area (Nehru Park to Hazratbal) as well as in the house boat area (Nehru Park to Dalgate) by catchment area protection, removal of sediments (Weed nutrients) and better circulation. After consideration by a committee set up for the purpose, the Government accepted the suggestions of the team and work on the project was started in 1978.

4.18.2 Organisational set-up

The project is handled by the State Urban Environmental Engineering Department headed by a Chief Engineer. Three units namely, Dal Lake Development Division No. I and II and Mechanical Division, all headquartered at Srinagar and working on Public Works pattern, are executing the Project. No monitoring or cost control cell has been set up at Project/State level.

4.18.3 Estimates and achievements

Original Project estimate for Rs. 8.38 crores was proposed (September 1979) to be revised to Rs. 14.09 crores. However, as a result of a re-appraisal (1981) after further investigations and studies, a new orientation was given to the Project and a revised three-phase pro-

ject estimated to cost Rs. 64.21 crores and having the following parameters was submitted to the Government in July 1982.

Phase	Particulars of components	Estimated cost (Rupees in crores)
I.	i. Improvement in Dachigam catchment area ii. Construction of a settling basin for screening out the silt laden water of Telbal nallah iii. Marginal dredging of Hazratbal area iv. Construction of Northern and Western foreshore roads for defining the boundaries of the Lake and selective dewatering of Lake	20.49
II.	Acquisition of land and development of such areas of rehabilitation	19.72
III.	Development of peripheral area of about 12 kms. for preventing mushroom growth of slums around the Lake	24.00
Total		64.21

Administrative approval and technical sanction have not been accorded so far (October 1985). During 1978-86, Rs. 12.26 crores had been spent on phase I and II as follows. Work on phase III has not been started (October 1985).

S. No.	Particulars	Project (revised) Outlay	Expenditure incurred up to March 1986
		(Rupees in crores)	
1.	Acquisition of land and development of settlements	23.13	3.88
2.	Construction of settling basin on Telbal Nallah	1.82	2.07
3.	Construction of Northern and Western foreshore roads	9.37	3.50

S. No.	Particulars	Project (revised) Outlay	Expenditure incurred up to March 1986
(Rupees in crores)			
4.	Improvement in Dachigam catchment area and purchase of de-weeding harvesters	0.63	0.92
5.	Dredging of Hazratbal marginal area; Improvement to water circulation and House boat area in the lake	2.88	0.64
6.	Establishment including Directions Office and contingencies	2.38	1.25
Total		40.21	12.26

Phase I of the Project originally proposed to be completed by 1986-87 is now expected to be completed along with phase II by 1989-90. The delay was stated to be due to inadequate funds and increase in the scope of the Project.

Results of the test audit of the accounts of the Project conducted in September-October 1985 are given in the succeeding paragraphs.

4.18.4 Implementation

4.18.4.1 Execution of works

(a) Settling basin

The work on construction of settling basin along with its allied sub-works like intake diversion bund, rockfill weir and cistern, etc. on Telbal nallah at Habak, Srinagar allotted (September 1981) to a contractor at a cost of Rs. 1.54 crores due for completion by September 1983 is still (October 1985) in progress. Due to change in design of the rockfill weir and cistern during execution, its estimate has risen from Rs. 0.36 crore to about Rs. 1.07 crores. Taking into account some savings in other allotted items, the overall value of the contract is likely to increase to about Rs. 2 crores. Rs. 1.60 crores were spent up to September 1985.

Three tenders were received in response to the relevant tender notice and the work allotted by the Contracts Committee to the lowest tenderer at item-wise rates. Revised Schedule of Rates for civil works in Jammu and Kashmir was sanctioned by the Government in July 1981 and the contract was allotted in September 1981. Obviously, there should not have been much variation in the allotted rates and the corresponding sanctioned scheduled rates. However, from the details of the main items of the contract summarised below, it would appear that the allotted rates were much higher :—

Item of work	Quantity executed (September 1985).	Contracted rate	Amount paid (Rs in lakhs)	Sanctioned scheduled rate	Rate at which similar work allotted in the locality during the relevant period
1. Earth filling	161496 Cum	Rs 40 per Cum	64.60	Up to Rs. 20.95 per Cum	Up to Rs 28 per Cum
2. Earth Excavation	26792 Cum	Rs. 50 per Cum	13.40	Up to Rs 16.05 per Cum	Up to Rs 21.72 per Cum
3. Supply of deodar wooden poles for piling work	262 Cum	Rs. 4000 per Cum	10.48	Up to Rs. 800 per Cum	Up to Rs 1705 per Cum (accepted by Dal Lake II Division in November 1982)
4. Pile driving by monkey	9643 RM	Rs 200 per RM	19.28	Up to Rs. 49 per Cum	Up to Rs. 76 per RM
			Total	1,07.76	

Relevant minutes of the Contract Committee meeting did not indicate how the lowest accepted rates were considered reasonable.

The contracted rate of Rs. 50 per Cum for earth excavation was for all sorts of earth in the Settling Basin area i.e. in foundation trenches including dressing of sides and bed refilling in 6 inch layers by selected and suitable earth after proper screening for making embankments of the Settling Basin including all leads and lifts and disposing of the excavated material up to an average lead of 1 kilometre and lift up to twenty feet. For other excavation work where these operations were not required, ordinary earth cutting rate on actual analysis basis (which would be much less) was payable as held (September 1983) by the Executive Engineer, Dal Lake Division II also. However, payment for 3542 Cum earthwork excavation for a Gravity channel and a navigational channel was also made at the contracted rate of Rs. 50 per Cum. Excess amount paid and recoverable from the contractor on this account was not intimated to audit (October 1985).

Earth filled in a portion of Telbal nallah side embankment of the Settling Basin and paid for at the rate of Rs. 50 per Cum had to be removed subsequently (work done before September 1983) as a result of revision of design of the rockfill weir and filled on the back-side embankment near intake point of the basin. However, instead of only rehandling charges (which would be far less) the full rate of Rs. 50 per Cum was allowed to the contractor for refilling that earth resulting in excess payment. Quantity of earth so rehandled, its rate and the amount recoverable from the contractor on this account was not intimated (October 1985) to audit.

(b) Construction of Foreshore and other approach roads

Without acquiring land, the work of "Earthfilling in Northern Foreshore road RD 1500 to 3000 (estimated cost : Rs. 8.00 lakhs) was allotted by the Chief Engineer, Public Health Engineering Department, Srinagar to a contractor in June 1979 for completion in 120 days. It was started on 30th June 1979 but the progress was slow and the contractor suspended the work on 9th July 1979 when some landowners obstructed the work by putting up a barricade to press their demand for land compensation at rates higher than those sanctioned in favour of some adjacent landowners. The barricade was removed on 9th October 1979 after compensation at higher negotiated rates was agreed to by the High Level Committee. The contractor resumed the work on 20th October 1979 but its progress was again slow and after doing work valuing Rs. 1.50 lakhs, he suspended it on 25th December 1979 due to snow fall and did not resume it after winter i.e. March 1980 despite notices issued by the Department. In June 1980, the contractor stated that as the work

had been hindered by the zamindars and the prices had increased, his allotted rate may be increased by 40 per cent or his dues finalized on work done. Though the Assistant Engineer concerned had stated that delay was due to slow progress of the contractor, the Executive Engineer, Dal Lake Division I, reported (July 1980) to the Chief Engineer that the contractor could not complete the work due to hinderances put by the landowners and recommended finalization of his contract without any penalty and retendering of the balance work. The Chief Engineer agreed (October 1980) to the proposals and original contractor's claim was finalized accordingly (January 1981) and the balance work costing Rs. 7.13 lakhs was executed through another contractor between November 1980 and November 1981 at higher rates resulting in extra expenditure of Rs. 0.83 lakh which could have been avoided if the work had been got started after acquiring land or adequate progress ensured during its execution by the original contractor. The work suspended in July 1979 was resumed after over three months. Since the High Level Committee had full powers to settle compensation etc. by private negotiations, delay in this respect could be avoided by getting the Committee's decision expeditiously.

In accordance with the financial delegations, the Executive Engineers and Assistant Engineers in the Public Works Department are competent to allot works on work order basis up to Rs. 10,000 and Rs. 5,000 respectively in each case provided such allotments are made only in respect of works for which tenders have been called for but the response has been unsatisfactory or high rates have been received or when due to urgency invitation of tenders would entail delay and the allotted rates are certified by the officer concerned to be reasonable and are ten per cent lower than the prevalent contracted rates in the section. It was observed that a large number of normal works of the division were being allotted on work order basis without fulfilling the prescribed requirements. When the irregularity was pointed out in audit, the Executive Engineer, Dal Lake Division I reported (July 1983) to the Chief Engineer, Urban Environmental Engineering Department (UEED) that as the works had been executed and payments made long back action taken may be confirmed. The Executive Engineer simultaneously issued instructions to all his Assistant Engineers to ensure that all works were properly advertised and no work executed on work order basis. However, the practice of allotting works on work order basis without fulfilling the prescribed requirements continued after July 1983 also. During the period September 1978 to March 1985 earth cutting/filling, soling, metalling, etc; works (other than those valuing Rs. 1,000 each) on foreshore and other approach roads etc. valuing Rs. 26.97 lakhs as

shown below were allotted on work order basis by the Executive Engineer and Assistant Engineer, Dal Lake Division, I :

Period	No. of works allotted	Value
		(Rupees in lakhs)
September 1978 to March 1983	204	13.33
April 1983 to March 1984	105	7.83
April 1984 to March 1985	76	5.81
	<u>Total 385</u>	<u>26.97</u>

The following points were also noticed during test check :—

(i) No detailed estimates were prepared before allotting the works.

(ii) In a number of cases, works had been split up to bring them within the competence of lower authorities thereby avoiding the requirement of calling tenders and/or obtaining sanction of higher authorities for allotment, etc.

(iii) Instead of allotting works on work order basis at ten *per cent* lower than the prevalent contracted rates, works in the same vicinity were allotted at rates higher than even the contracted rates. In 23 cases test checked in audit, extra expenditure of Rs. 0.25 lakh was found to have been incurred.

(c) Illegal encroachments on the notified area likely to effect expeditious execution of the project work

The project gives significant importance to the checking of encroachments on to the Dal Lake and its peripheral area notified (March-April 1979) for acquisition. It was observed that 582 cases of encroachments had taken place in the aforesaid area during the period 1979 to December 1983. The Executive Engineer, Dal Lake Development Division I, stated (January 1984) that, as encroachment was assuming alarming proportions, the Chief Engineer, U.E.E.D. had requested the Divisional Commissioner and the Police for assistance in demolition/eviction. However, the number of encroachment cases had increased to about 900 by the end of March 1985.

In reply to an audit query, the Executive Engineer, Dal Lake Division I stated (October 1985) that the monitoring squad and Srinagar Municipal Council had been approached for removing/demolishing the illegal encroachments/constructions and they had started the job (August 1985) and that Revenue Officers concerned had also been advised to dispose of the encroachment cases expeditiously.

4.18.5. Other Topics of Interest

(a) Extra expenditure due to backing out of a contractor

Construction of 2×17.5 feet span bridge on Telbal Nallah near Putli Mohalla including earth work for left approach (estimated cost: Rs. 1.20 lakhs excluding cost of departmental materials) allotted (November 1982) by the Executive Engineer, Dal Lake Division II, for completion in 2 months was started by the contractor in November 1982. After executing the work partly and getting payments aggregating Rs. 0.43 lakh ending April 1983, the contractor stopped the work and did not resume it despite notices issued by the Department. The balance work (estimated cost : Rs. 0.80 lakh) allotted at higher rates after calling tenders was executed between February 1984 and September 1984 at an extra cost of Rs. 0.61 lakh. Reasons for abandoning the work by the original contractor were neither on record in divisional office nor were intimated (October 1985) to audit.

The Chief Engineer, U.E.E. Department intimated (February 1986) that earnest money and other deposits of the original contractor amounting to Rs. 0.07 lakh had been ordered to be forfeited and the case of recovery of extra cost with other penalties against the original contractor was under process.

(b) Infertuous expenditure on a building started without settling dispute about ownership of site

When levelling of land for construction of a subdivisional office building at nallah Amir Khan was started (1981) by Dal Lake Division II, a person claiming right over that land gave a notice to the Government under Section 80 Criminal Procedure Code. The Department stated that the applicant had no legal title to the land in question and suggested (September 1981) that the case be contested. However, without ensuring settlement of the notice, the Executive Engineer invited tenders (May 1982) for construction of the building (estimated cost : Rs. 0.68 lakh) and allotted the work (June 1982) for completion in 2 months. The contractor started the work in July 1982 but on a stay order issued by District and Session Judge, Srinagar, it was suspended in

August 1982. The work was restarted in November 1982 when the stay order was got vacated by the Department but after the construction had reached lintel level in January 1983 it was again stopped due to another stay order issued by the High Court. The contractor's claim for the work done amounting to Rs. 0.61 lakh (including cost of departmental material and Rs. 0.04 lakh for watch and ward of the raised structure) was finalised in November 1983. Besides, Rs. 0.10 lakh had been spent by the Department in December 1981 for levelling the land for the building in question. As the case is still (October 1985) sub-judice, the incomplete structure lies abandoned. The block up of investment could have been avoided if the construction had been started after finalisation of the alleged dispute about the ownership of the relevant site.

(c) Advance drawings

Purchase of two de-weeding harvesters for de-weeding operations in the Dal Lake was approved in April 1981 and order therefore placed, after obtaining tenders etc. by the Chief Engineer, Mechanical Engineering Department, with a firm in Switzerland in December 1982 and first part payment of Rs. 30 lakhs on this account was made in March 1983. However, advance of Rs. 20 lakhs was drawn for the purpose by the Dal Lake Division I and paid to Mechanical Engineering Department in September 1980 much in advance of actual requirement.

4.18.6. Summing up

The work on the Dal project was started in 1978. The original project estimate for Rs. 8.38 crores proposed (September 1979) to be revised to Rs. 14.09 crores was, after re-appraisal and further investigations, changed into a three-phased integrated project for Rs. 64.21 crores to which Government sanction is awaited. Technical sanction has also not been accorded so far. Phase I of the project initially proposed to be completed by 1986-87 is now expected to be completed by 1989-90 along with phase II. No monitoring or cost control cells have been set up at Project/State level for periodical evaluation of the work done on the project.

Contracted rates for main items viz., earthfilling, earth excavation, supply of deodar wooden poles etc; for Settling Basin (estimated cost at contracted rates about Rs. 2 crores) exceeded the sanctioned schedule of rates and the rates at which similar items of work had been allotted by the Dal Lake Division soon before or after the allotment (September 1981) of the aforesaid contract, by about one hundred

per cent to about five hundred *per cent* The relevant minutes of the meeting of the Contracts Committee did not indicate the basis on which the rates had been considered reasonable.

Payments for 3542 Cum. earth excavated for gravity and navigation channels and for rehandling of earth (quantity not intimated to audit) initially filled near rockfill weir site of the embankment on Settling Basin and subsequently refilled on backside embankment near intake point were made at the contracted rate of Rs. 50 per Cum for earth excavation though these involved much less operations than required for the contracted earth excavation payable at Rs. 50 per Cum.

In two cases (eath filling in Northern Foreshore road RD 1500-3000 and construction of bridge on Telbal nallah) extra expenditure of Rs. 1.44 lakhs was incurred on completing the balance works left incomplete by original contractors.

Construction of a subdivisional office building started in 1981 without ensuring Government's undisputed right over the relevant site was abandoned (January 1983) by the contractor concerned when a person took to the court the case regarding right over that land. Investment of Rs. 0.71 lakh on the incomplete building has not been fruitful and the balance work has also not been completed so far (November 1985) as the case is sub judice.

In contravention of the financial delegation and without observing the other prescribed requirements, 385 works valuing about Rs. 26.97 lakhs were got done by Dal Lake Development Division I and II on work order basis without preparing their detailed estimates. Some works had been split up to bring them within the power of competence of lower authorities.

Though the project gave significant importance to the checking of encroachments on the Dal Lake and its peripheral area, 900 cases of encroachments had taken place during the period 1979 to March 1985.

Forest Department

4.19. Avoidable expenditure due to delay in installation of a weigh-bridge

Government controlled firewood is received by the Fire Wood Division, Srinagar in the Depot at Shalteng (Srinagar) from where it is issued to various sale depots in the city and sold against permits

issued by the Forest Department. The Divisional Forest Officer, Firewood Division, Srinagar reported (July 1981) to the Conservator of Forests, North Circle, Srinagar, that weighing operations would be facilitated and substantial expenditure on that account saved if a weigh-bridge was sanctioned and installed in the depot at Shalteng. The case remained under consideration and the Department decided (June 1982) to shift to Shalteng depot the departmental weigh-bridge installed at Sheikhbagh, Srinagar. Orders for dismantling the aforesaid weigh-bridge and its installation in Shalteng depot were placed (August 1982) with a firm who completed the installation in Shalteng depot in October 1984 at a cost of Rs. 0.22 lakh. Meantime, the Department paid Rs. 1.36 lakhs to the contractors during the period April 1982 to October 1984 for weighing of fire wood on its being unloaded from the trucks in Shalteng Depot and on weighing the wood while loading it in trucks subsequently for despatches to other sale depots, which could have been avoided if the Department had taken prompt action in installing the weigh-bridge in the depot when the proposal was mooted in July 1981.

The Divisional Forest Officer, Firewood Division stated (February 1986) that the work remained suspended by the firm for a long time reasons for which were not known and that for the delay in the execution of work the firm had been asked (February 1986) to pay a penalty of 10 per cent as per contractual obligations and recoup the loss suffered by the Department. Further developments are awaited (April 1986).

The matter was referred to Government in October 1985; their reply is awaited (June 1986).

CHAPTER—V

STORES AND STOCK

Industries and Commerce Department

Stores and Stock of Handicrafts Department

5.1.1. A scrutiny conducted during July-September 1985 of the accounts and purchase records of the Handicrafts Department in respect of two main stores at Jammu and Srinagar and three district stores at Anantnag, Baramulla and Pulwama for the period 1981-82 to 1984-85 brought out the following points :—

5.1.1.1 Shortage of stores worth Rs. 1.19 lakhs

(i) In view of the unauthorised absence of the storekeeper of the Directorate of Handicrafts since 22nd January 1980 the Department got the locks of the stores rooms broken open (4th February 1980) under the orders of the Executive Magistrate. As per the report of an Assistant Director, submitted in July 1985 in respect of raw materials shortage was valued at Rs. 0.94 lakh and excess stores at Rs. 0.14 lakh. No report in respect of shortages of finished goods has, however, been submitted by the Assistant Director so far (October 1985). The storekeeper was placed under suspension in January 1980 and the Department constituted (August 1985) a committee of Officers for submitting a further report on the case. It was noticed that no security had been obtained from the storekeeper concerned.

(ii) A detailed audit of the accounts of the Assistant Director, Handicrafts, Kathua for the period for 1979-80 to 1981-82 conducted by the State Finance Department in June-July 1984, revealed that raw material worth Rs. 0.19 lakh received from time to time by the storekeeper, Kathua from the main store, Jammu, had not been accounted for by him. Further, a report submitted in November 1983 by the said storekeeper indicated that while taking over the charge of the stores by him, shortages worth Rs. 0.06 lakh had been noticed.

Final action taken by the Department on the above shortages is awaited (August 1985).

5.1.2. Loss due to damage etc.

(i) 840 namdhas valuing Rs. 0.63 lakh produced by trainees at various Namdha Training Centres in Anantnag district during the period

1979-80 were found (May 1981) to be substandard during washing process by the Manager, Production Centre, Namchabal. A committee, constituted (February 1983) by the Department to survey the defective namdhas, recommended in March 1983 that the namdhas be put to auction. In September 1984, another committee of officers was constituted by the Government to conduct the recommended auction. The said committee recommended that before auction yet another committee of experts be constituted to survey and examine the namdhas. Accordingly, yet another committee was constituted by Government in January 1985 to survey and examine the namdhas which had out-lived their life or were beyond economic repairs and to ascertain whether the decay was due to negligence on the part of the officials incharge of their custody. The said committee examined the goods in May 1985 and instructed the Assistant Director to get the namdhas segregated according to the extent of defects before any action could be taken by them. The follow-up action was taken by the Assistant Director, Anantnag in July 1985. The re-examination of the goods for final action by survey committee is yet to follow (September 1985) though the survey committee had itself observed (May 1985) that namdhas had undergone more than 80 per cent damage and had become a breeding place for insects necessitating urgent action.

(ii) Of the accumulated balances of finished goods in the district store, Baramulla, at the end of March 1985, goods worth Rs. 0.32 lakh relating to the period up to 1981-82 were found damaged and unsaleable. The department had not taken any timely action for their disposal resulting in loss to Government.

Likewise, accumulated balances of raw material (woollen yarn and raffal cloth) and finished goods worth Rs. 0.32 lakh and Rs. 0.05 lakh respectively for the period 1981-82 to 1984-85 were also damaged in the main store, Jammu through moths, worms and inadequate storage facilities resulting in loss to Government.

5.1.3. Opening of Carpet Training Centres—non-collection of finished goods

In order to impart advance training in carpet weaving, the Government issued (March 1981) orders for setting up of 15 advanced training centres in carpet weaving in the Kashmir valley. It was envisaged in the order that the trainees shall be imparted training through a public sector Corporation dealing in the manufacture of carpets. These 15 centres were to produce not less than 1200 carpets during the two years 1981-82 and 1982-83. In addition, 15 more similar centres were also in operation under the massive carpet training pro-

gramme. The list of candidates selected for the training course who were to undergo the preliminary training course was also not provided to the department by the Corporation. The Department allotted Rs. 45.86 lakhs and Rs. 55.16 lakhs to Jammu and Kashmir Handicrafts (Sales and Export) Corporation Limited (JKHC) for running these centres during the financial years 1981-82 and 1982-83 respectively. But neither the detailed accounts in support of the expenditure incurred out of the funds advanced by the Handicrafts Department nor the finished goods produced by these training centres were rendered by the Corporation or collected by the Department.

The Corporation informed the Department in April 1985 that these centres had produced 1303 carpets valuing Rs. 13.23 lakhs (from September 1981 to March 1985). As per the orders issued by the Government in January 1984, the Corporation sold finished goods at cost plus 15 per cent (cost plus 10 per cent from June 1984). Accordingly, the Department should have been in receipt of sale proceeds amounting to Rs. 15.20 lakhs from the Corporation which have not been remitted so far (August 1985).

As regards the furnishing of detailed accounts, the Corporation in April 1985 furnished a statement of expenditure incurred by it out of the funds allotted to it during 1984-85 only, which revealed that as against the allotment of Rs. 47 lakhs during the year 1984-85 the Corporation had incurred an expenditure of Rs. 43.92 lakhs leaving an unspent balance of Rs. 3.08 lakhs (besides possible similar amounts due since 1981-82) which have not been refunded to the Department so far (September 1985). The expenditure of Rs. 43.92 lakhs mentioned above included an advance payment of Rs. 2 lakhs to these centres and a payment of bonus of Rs. 0.95 lakh which was not covered by the sanction.

5.1.4. Irregularities in purchase

(i) During 1982-83, left over stocks of 2890 kilograms of dyed and 110 kilograms of white three ply woollen yarn lying with JKHC were purchased by the Department for Rs. 2.99 lakhs at their offered rate of Rs. 100.40 per kilogram for dyed yarn and Rs. 78 per kilogram for white yarn. The material as purchased was not got surveyed by the survey committee but was lifted directly by the Assistant Director, Baramulla. In February 1984, the Assistant Director, Baramulla reported that as per practice in vogue, carpet centres run by the Department were issued 5 N.M. woollen yarn in the initial stage for imparting training. In response to this, the Joint Director ordered that since three ply yarn purchased from JKHC had been lying unutilised in bulk

quantity for a prolonged period, the same be issued to the trainees in place of 5 N.M. to avoid deterioration likely to develop in case the material remained dumped and unutilised.

Had the Department purchased the yarn of required specification viz., 5 N. M., the cost whereof was also much lower (dyed yarn Rs. 50 per kilogram and white yarn Rs. 42 per kilogram excluding sales tax) instead of the three ply yarn purchased by it which was also unsuitable for the purpose the Department could have avoided extra expenditure of Rs. 1.50 lakhs. It was, however, observed that even after the issue of orders by the Joint Director to utilise three ply woollen yarn, 2522.265 kilograms of dyed and 15,900 kilograms of white three ply woollen yarn valuing Rs. 2.62 lakhs including over heads had remained unutilised till the end of March 1985 at the District store.

(ii) In response to a tender notice issued by the Department in Jammu in July 1982 for supply of casement cloth and handloom dasooti cloth of different widths during 1982-83, a small scale industrial unit, registered with the Industries Department, had quoted (August 1982) the lowest rates of Rs. 10.50 per metre for casement cloth of 148 cms. width, Rs. 16.00 per metre for casement cloth of 220 cms. width and Rs. 9.00 per metre for handloom dasooti of 137 cms. width. Another small scale industrial unit, registered with the Industries Department had quoted rates of Rs. 11.53 per metre, Rs. 17.27 per metre and Rs. 11.43 per metre respectively against the above specifications. Both the tenderers had mentioned in their tenders that being registered industrial units, they were not required to attach call deposit receipts with their tenders. In September 1982, the Department asked the lowest tenderer telegraphically to furnish the call deposit receipt but the communication was received back undelivered. Subsequently, the Department purchased 4000 metres of casement cloth of 148 cms. width 5500.30 metres of casement cloth of 220 cms. width and 2986 metres of dasooti cloth of 137 cms. width, from the second lowest tenderer at his higher offered rate without obtaining any call deposit receipt from him which resulted in an extra cost of Rs. 0.18 lakh.

5.1.5 Accumulation of finished goods

Finished goods valuing Rs. 22.94 lakhs had accumulated and were lying unsold in a deteriorated condition as at the end of March 1985 in the two main stores of Jammu and Srinagar and three district stores of Baramulla, Anantnag and Pulwama, the records of which were test checked. The Government ordered (June 1984) the disposal of unsaleable and damaged goods by donating these to the destitutes through the Social Welfare Department after proper screening and preparation of a proper inventory. The preparation of the inventory

and screening of relevant items for follow-up action as envisaged in the Government order is yet to follow (August 1985).

5.1.6. Physical verification of stores

The Department has not conducted physical verification of stores in respect of its main stores at Srinagar and Jammu for the last five years (accounts for which were reviewed in audit), the last one in respect of Srinagar store having been conducted in February 1980. As regards the district stores, the records of which also were test checked even though physical verification has been conducted occasionally, no proper physical verification reports were on record. No physical verification reports were also on record at district offices in respect of training centres of the respective districts. In the absence of any physical verification the department was not in a position to assess shortages/excesses in stocks as also the sale worthiness of the goods. However, in the main stores at Srinagar, finished goods worth Rs. 0.32 lakh were in stock and classified as unsaleable. Similarly, 226 namdhas (value not on record) totally damaged were presently lying at the Community Training Centre, Soura (Srinagar).

5.1.7. Sale of finished goods and amount outstanding

Prior to 1981-82 the main item of finished goods produced by the training centres were being sold by them directly to JKHC. The Department has not maintained any consolidated record to indicate the total sales of such goods to the Corporation through these training centres, amount for which bills were preferred, payments realised and outstanding, and losses/profits on the sales.

From 1981-82 the procedure was changed and the training centres were directed to deposit their finished goods with the district stores from which such goods were to be sold to JKHC. Though the Department maintained a register for keeping record of sales, it did not serve any purpose being incomplete. The position of actual amount outstanding from the Corporation against bills preferred by the Department could not be determined. However, based on the incomplete records the position of outstanding amount from 1981-82 onwards against the Corporation works out as under :—

Serial No.	Particulars	Rupees in lakhs
1.	Amount for which goods were sold	26.12
2.	Amount realised	11.40
3.	Balance outstanding ending August 1985	14.72

In addition to the above, the departmental stores had also been

making sales direct to various departments and parties and sale proceeds of Rs. 0.36 lakh were still outstanding against various offices and parties.

The above matters were reported to the Government (January 1986); their reply is awaited (April 1986).

Stores Procurement Department

5.2. Loss due to receipt of cement in set condition

2782 bags of cement valuing Rs. 0.65 lakh despatched by various firms to the Deputy Director Stores Procurement Department, Jammu between May 1978 and July 1981 at 'Railway Risk' against orders placed by the Director, Stores Procurement Department against D.G.S. and D rate contracts were received by the consignee at Jammu rail-head in set condition. The Deputy Director, Stores Procurement Department, Jammu stated (September 1985) that claims lodged by the Department within the stipulated period were rejected by the Railways on the grounds that

- (i) the wagons had been loaded by the consignors without any supervision by the Railway staff and as such 'said to contain...' receipts issued by the Railways had been accepted by the consignors,
- (ii) despatching railway station seals on the wagons were found to be intact at destination railway station, and
- (iii) the consignments had been unloaded at the destination station by the consignees themselves.

While the matter regarding receipt of 964 set cement bags was still (January 1986) under correspondence with the Railways, the remaining cases were taken up by the Department with the suppliers/ Pay Accounts Officers concerned between October 1980 and December 1981 but no refund has been received so far (September 1985). Remedial measures taken by the Department for checking such losses were not on record.

The matter was reported to the Government (October 1985); reply is awaited (April 1986).

5.3. Shortages in stores

Physical verification of the Iron and Steel Section of the Stores Procurement Department, Jammu and handing over of the section

by the storekeeper, conducted simultaneously during June 1976 to July 1977, disclosed shortages and excess which though reported by the verifying officer on 19th July 1977 were evaluated only in June 1983 by the Department at Rs. 2.64 lakhs and Rs. 0.12 lakh respectively. Although specific reasons for such inordinate delay in the evaluation of these shortages/excess by the Department were not on record, it was stated (January 1986) by the Deputy Director Stores Procurement Department, Jammu that evaluation was delayed due to piecemeal receipt of verification reports as verification took abnormal time due to non-co-operation of the ex-storekeeper in completing his records. The Director, Stores Procurement Department, Jammu to whom the matter was reported directed the Deputy Director of the Department to ascertain the correctness of the shortages/excess and to authenticate the balances. A committee of three officers constituted (July 1983) by the Deputy Director finally determined (December 1983) the value of shortages at Rs. 2.12 lakhs and excess material at Rs. 0.33 lakh and attributed the loss to the storekeeper's negligence in handling stores and maintaining the stores records.

Since the explanation rendered by the storekeeper was found unsatisfactory and he tactly disowned basic responsibility for the lapse, the matter was reported to the Administrative Department at whose instance the case was referred (May 1985) to the vigilance Department by the Director Stores Procurement Department. Further developments are awaited (February 1986). It was also noticed that against the required cash security of Rs. 2000, only Rs. 429 had been obtained from the storekeeper.

The matter was reported to the Government (October 1985); reply is awaited (April 1986).

5.4 Non-receipt of cement despatched by suppliers

Twenty four railway wagons containing 16110 bags cement valuing Rs. 3.99 lakhs despatched by various suppliers on 'Railway Risk' to the Deputy Director, Stores Procurement Department, Jammu between May 1978 and November 1981 against orders placed by the Director, Stores Procurement Department on DGS and D rate contracts and against which 95 to 98 per cent payments had been made by the Pay and Accounts Officers concerned against railway receipts (RRs), were not received by the consignees. Claims therefor lodged by the Department between July 1978 and February 1982 have also not been settled by the Railways so far (September 1985). Specific grounds for delay by the Railways in the acceptance of the claims were not on record.

Out of the aforesaid twenty-four wagons of cement fourteen wagons had been despatched under a batch of RRs covering some other wagons of cement also; while getting the consignment against these RRs released freight charges amounting to Rs. 1.12 lakhs (worked out on proportionate basis) were paid by the Deputy Director, Stores Procurement in respect of the fourteen wagons also which had not been received by the consignee. Reimbursement of this amount has not been obtained so far (September 1985).

It was observed in audit that the relevant cases were not being pursued by the Department effectively which has resulted in undue and prolonged blocking of Government money.

The matter was reported to the Government (October 1985); their reply is awaited (April 1986)

Irrigation and Flood Control Department

5.5. Shortage of stores

(a) Shortages valued at Rs. 2.22 lakhs were noticed during annual physical verification-cum-handing over of stores of Flood Control Division, Rajouri in July 1982. These were communicated (November 1982) to the storekeeper who had, despite intimation, not been present during physical verification-cum-handing over. The Chief Engineer, Irrigation and Flood Control Department, Jammu constituted (November 1982) a committee consisting of Superintending Engineer, Flood Control (West), Jammu and two Executive Engineers for investigating the case. The storekeeper was also placed under suspension (January 1983).

The committee determined (December 1983) the value of shortages as Rs. 2.10 lakhs. After adjusting the storekeeper's cash security of Rs. 0.02 lakh the Irrigation Department requested (December 1983) the Deputy Commissioner, Jammu for arranging recovery of the balance of Rs. 2.08 lakhs as arrears of land revenue. In April 1984, the Executive Engineer, Flood Control Division, Rajouri registered the case with the Police Station, Rajouri also. No recovery has been affected by the Revenue authorities and Police investigation has also not been completed so far (July 1985).

The committee reported that the following factors has contributed to the shortages :—

- (i) Negligence of the storekeeper.

- (ii) Lack of supervision on the part of the Asstt. Engineer in-charge of stores.
- (iii) Stacking of material in open space due to shortage of proper accommodation.
- (iv) Watch and ward of stores through casual daily labourers.
- (v) Lack of divisional office control in ensuring timely receipt of monthly/periodical store accounts, maintenance of bin-cards and reconciliation with stores supplying agencies.

Remedial measures taken by the Department in this regard were not intimated to audit (July 1985).

It was observed in audit that the following causes also contributed to the shortages :—

- (i) There was no system of gate passes for regulating inflow and outflow of stores;
- (ii) non-reconciliation of storekeeper's balances with the divisional office books;
- (iii) non-shifting of storekeeper even after the prescribed term of two years ; and
- (iv) non-obtaining of personal security from the storekeeper as required under the rules.

(b) During transfer of charge-cum-annual physical verification of the above stores in July 1984, further shortages provisionally valued at Rs. 0.46 lakh were noticed which were communicated to the storekeeper in August 1984. The Chief Engineer, Irrigation and Flood Control Department, Jammu again constituted (September 1984) a committee headed by Superintending Engineer, Flood Control (West) Jammu for investigating the case. After taking into account some store articles returned or accounted for by the storekeeper after transfer of charge, the committee determined (December 1984) the value of shortages at Rs. 0.30 lakh and suggested recovery of the money value from the storekeeper. Except adjustment of Rs. 0.02 lakh representing cash security obtained from the storekeeper, the balance of Rs. 0.28 lakh had not been recovered so far (July 1985).

The matter was reported to the Government (September 1985); their reply is awaited (April 1986).

Power Development Department

5.6 Shortage/excess of stores

Annual physical verification of stores of a transmission division at Udhampur, for 1978-79 conducted during May 1979 disclosed shortages and excesses in stocks of different items valued at Rs. 1.86 lakhs and Rs. 1.94 lakhs respectively. Further shortages valued at Rs. 1.76 lakhs and excess worth Rs. 0.63 lakh were noticed when the storekeeper handed over charge in November 1980. These shortages were formally communicated to the former storekeeper in August 1981 i.e. after more than two years after the initial discovery of the discrepancies. In November 1982, cost of these shortages was worked out by the Executive Engineer at Rs. 4.01 lakhs out of which shortages worth Rs. 1.27 lakhs were adjusted up to September 1983 accounts and the remaining were reported (September 1983) to be under departmental investigation. Neither the above excesses of Rs. 2.57 lakhs nor the remaining shortages of Rs. 2.74 lakhs have been adjusted so far (August 1985). The Executive Engineer intimated (July 1985) that investigation could not be completed as storekeeper had not turned up to produce the relevant documents before the investigating officer.

Shortages were facilitated mainly due to the following factors:—

- (i) The storekeeper was allowed to continue in the same post despite huge variations noticed between book and ground balances in May 1979.
- (ii) Annual physical verification for 1979-80 was not conducted in time.
- (iii) Priced Store Ledgers were not posted and completed in the divisional office in time with the result that timely reconciliation of divisional book balance with the storekeeper's records was not possible. Store bin cards for the relevant period have not been handed over by the storekeeper and no disciplinary action has been taken against him so far (August 1985). Information whether the required cash security and personal surety had been obtained from him was also awaited.

The matter was reported to the Government (September 1985); their reply is awaited (April 1986).

5.7 Block-up of Government money

On the requisition of the Executive Engineer Sewa Hydel Project, Basohli (Kathua) Rs. 2.26 lakhs were advanced by the

Deputy Financial Advisor and Chief Accounts Officer, Power Development Department, Jammu to the Jammu and Kashmir State Forest Corporation in March 1982 for supply of 1000 deodar wood sleepers stated to be required for the project. This was done in anticipation of clearance of the project by the Central Water Commission (CWC) and Central Electricity Authority (CEA). Particulars of the jobs on which the timber was to be utilised were not on record in the Divisional Office. The timber was not lifted by the Project authorities up to September 1983 as according to the Executive Engineer some of the proposals initially made had to be revised in the light of the observations made by the CWC/CEA. In October 1983, the Executive Engineer requested the Forest Corporation that as the sleepers were no longer required by the Department, the advance be refunded which has, however, not been done by the latter so far (February 1986). The Superintending Engineer Civil Construction Circle, Power Development Department, Jammu stated (September 1985) that though Sewa Hydel Project was yet to be cleared, the project investigation works were going on and the timber was required for construction of drifts, as a part of the investigation works, expected to be taken up during 1985-86 or 1986-87. Thus, the Department is still (September 1985) uncertain as to when or whether the timber would be actually required.

The loss of interest at the rate of 10 per cent on the money with the Forest Corporation was Rs. 0.90 lakh (February 1986) which could have been avoided if timber (available in the State in abundance) were purchased when actually needed. It would also appear that the advance payment was made during March 1982 to avoid lapsing of funds.

The matter was referred to the Government (October 1985); their reply is awaited (April 1986).

✓ 5.8 Procurement and Material Management Organisation

5.8.1 Introductory

Until May 1981, the units of the Power Development Department (P.D.D.) communicated the requirement of material and equipment through their Chief Engineer to the Superintending Engineer, Electric Purchase Circle (E.P.C.), Jammu for arranging procurement and the purchase orders were placed by the latter stipulating the delivery directly to the indenting units who received, verified, paid and accounted for the supplies. After re-organisation of the P.D.D in May 1981, the job procurement and material management for the depart-

ment was entrusted to a separate Procurement and Material Management (P.M.M) Wing with its headquarters at Jammu and headed by a Chief Engineer. Two circles-one for purchases (Electric Purchase Circle-EPC) and the other for Material Management with headquarters at Jammu were placed under the Chief Engineer. The former deals with the purchases and the latter with Stores Inspection and Material Management and have the following units under them :—

- (i) Electric Central Stores (E.C.S.) Division, Jammu.
- (ii) Electric Central Stores (E.C.S.) Division, Srinagar.
- (iii) Electric Material Inspection (E. M. I) Division, Jammu.
- (iv) Inventory Control and Disposal Division, Jammu.

The indents are procured by the Procurement and Material Management Wing and supplies are received, accounted for and paid by the Central Electric Stores Division, Jammu or Srinagar who then forward them to the indenting units.

This review conducted in April-May, October and November 1985 covers mostly the period after re-organisation of the Power Development Department viz., May 1981 to March 1985.

5.8.2. Performance of the Organisation

(a) General

The re-organisation orders issued in May 1981 specified only the broad structure of the Organisation and the names of its component units. The functions and jurisdiction of the units have not been spelt out nor any manual regulating the working of the Organisation approved so far (November 1985). As such, the offices of the Superintending Engineer, Electric Stores and the Divisions have been functioning mostly on ad hoc basis. It was also observed that some of the prescribed functions have not been entrusted to the office of the Superintending Engineer, Electric Purchases Circle. As a result, the utilization of the staff provided to most of the units has not been effective as would be seen from the details given below.

(b) Procurement of material

The main object of the Central Procurement Organisation in a department is to ensure that periodical indents of general/specific

requirements of the units are collected and tenders for the consolidated requirements floated for ensuring purchases in the most competitive and economical manner and made available to the indenting units in time. It was observed that prior to April 1984, tender enquiries were issued by the Electric Purchases Circle on piecemeal requisitions from the Chief Engineers/Superintending Engineers and other units. For 1984-85, an effort was made to collect annual requirements from different wings for floating tenders for the consolidated requirements but the purpose could still not be achieved as different units sent their requisitions at different points of time from December 1983 to January 1985, while one circle did not send at all.

Against about 600 standard items of material/equipment/machinery generally required for use in various field units of the Power Development Department, the number of items for which tenders were invited and purchase orders (excluding cement and steel) placed during 1981-82 to 1984-85 ranged between 76 and 173 annually as shown below :—

Year	Number of tender notices issued		Number of items of material/equipment involved	Purchase orders placed	
				Number	Value
(Rupees in crores)					
1981-82	87	87	(197 including different specifications/capacity items of the same type of equipment/material)	63	7.30
1982-83	173	173	(257 including different specifications/capacity items of the same type of equipment/material)	103	5.52
1983-84	89	89	(226 including different specifications/capacity items of the same type of equipment/material)	95	3.04
1984-85	76	76	(165 including different specifications/capacity items of the same type of equipment/material)	68	3.31

The position of funds provided to the Organisation for purchases and the expenditure incurred thereagainst from 1981-82 to 1984-85

was as under :—

Year	Funds provided	Actual expenditure
	(Rupees in crores)	
1981-82	4.37	3.86
1982-83	9.00	9.07
1983-84	7.40	6.45
1984-85	7.50	5.08

Reasons for under-utilisation of funds during 1981-82, 1983-84 and 1984-85 were not intimated to audit. The apparent reasons are either non-purchase of some of the required material and equipment or preparation of financial projections without adequate scrutiny of indented requirements and market rates. Floating of tenders for piecemeal requisitions without consolidating annual requirements of different wings of the Department, procurement of fewer items and short utilization of the available funds would indicate that the Organisation which started functioning July-September 1981 has not so far (October 1985) been able to regulate their working.

5.8.3 Results of test audit of expenditure

The points observed during the test audit of the expenditure on procurement of stores is given in the following paragraphs :—

(a) In the following cases, extra expenditure was incurred due to delay in placing purchase orders, late approval of relevant designs and drawings and backing out by the contractors :—

(i) In response to the notice inviting tender floated by the Superintending Engineer, Electric Purchase Circle for purchase of High Tension Galvanized steel wire of various sizes, rates quoted by a firm of Bombay on 7th January 1984 (and valid for ninety days) were found to be the lowest. In response to a savingram sent by the Superintending Engineer on 12th May 1984 expressing intention to place order at the quoted rates and specified delivery terms, the firm conveyed its willingness to accept the order and extended the validity of their quotation up to 31st May 1984. However, purchase order for 143.737 tonnes of High Tension Galvanized steel wire of various sizes costing Rs. 13.29 lakhs was placed by the Chief Engineer, Procurement and Material Management on 25th June 1984, which was not accepted by the firm stating that the prices of steel had increased by 15 per cent and that the extended validity period of their offer had expired on 31st May 1984.

The Trade Agent, Jammu and Kashmir Government, Bombay who had approached the firm for executing the order also confirmed increase of Rs. 550 per tonne in the price of steel. However, the case for increase in the accepted rates was not considered by the department. The firm did not make any supply and in response to the notice contemplating penal action issued by the Chief Engineer in October 1984, reiterated its earlier stand for non-acceptance of the order.

Procurement (February to July 1985) of 142.76 tonnes wire subsequently at higher rates, after calling fresh tenders, resulted in extra expenditure of Rs. 3.43 lakhs (computed with reference to the increase of 15 per cent over the rates of the original firm, the extra cost comes to Rs. 1.48 lakhs) which could have been avoided had the purchase order been placed with the original firm within the extended validity period of their offer.

(ii) An order for design, fabrication galvanising and supply of main steel structural material and auxillary supporting structures including nuts, bolts and washers etc. for switchyard of Grid Station Gladani (Jammu) and sub-station Miransahib was placed (January 1981) by the Chief Engineer, Electric Planning and Designs, Jammu on a firm of Faridabad at Rs. 5,304.65 per tonne for main structures and Rs. 5,354.65 per tonne for auxillary structures with price escalation payable on steel and other raw materials with reference to the prices on 1st May 1980. Steel to be used by the firm in the fabrication of the structures initially from their own stock was to be replenished by the Department subsequently and its cost at the rates as on 1st May 1980 recovered from the firm. Main structures were required to be fabricated according to the design already adopted for Udhampur Grid Station and a set of the relevant drawings was sent to the firm with the purchase order. For other structures, details and drawings were to be supplied by the firm for the Department's approval within three weeks from the receipt of the work order. The supply was stipulated to be completed by the end of June 1981.

In March 1981, the suppliers pointed out that the drawings for the main structure sent to them were not complete and asked for the wanting design, drawings, etc. Delay took place in finalizing other drawings also and the last set of approved drawings was sent, by the Department, to the firm only in September 1982. The Department and the firm have been blaming each other for the delay. Timely replenishment of the steel utilized by the firm was also not arranged by the Department. The supplies started by the firm in March 1981 were completed in September 1983 against the stipulated period of June 1981. Meantime, for escalation in the prices of zinc, nuts and bolts supplied

after the stipulated delivery period viz., June 1981, Rs. 0.86 lakh were paid to the firm in March 1982, and their claim for Rs. 3.30 lakhs (preferred in April 1983) is pending (November 1985) with the Department as against which the cost of the 103.819 tonnes steel amounting to Rs. 2.83 lakhs is recoverable from the firm. The payment of price escalation charges could have been avoided if the relevant drawings were approved and steel replenished by the Department in time.

Extra expenditure incurred by the Department on the procurement of 564.60 tonnes of steel after 30th June 1981 (stipulated date of completion of the contract) and supplied to the fabricators has not been intimated to audit (November 1985).

(iii) 929.683 Km. AAC/ACSR conductors of different specifications were supplied short by three private local firms of Jammu against the following orders placed with them by the then Superintending Engineer, Electric Purchase Circle even though the originally stipulated delivery period was extended by the Department.

Name of firm	Specifications of the conductors	Month in which purchase order was placed	Quantity ordered (Kms.)	Quantity supplied (Kms.)	Short supply (Kms.)	Stipulated period of supply (original plus extended)
A	AAC 25 mm ²	October 1978	816	554.994	261.006	22 months
	ACSR 20 mm ²	October 1978	155	102.443	52.557	
	ACSR 100 mm ²	October 1978	34	19.658	14.342	
B	AAC 25mm ²	September 1978	430	129.212	300.788	20 months
	ACSR 20 mm ²	September 1978	164	162.183	1.817	
	ACSR 100 mm ²	September 1978	56	17.402	38.598	
C	AAC 25 mm ²	December 1978	184	—	184.000	18 months
	ACSR 20 mm ²	December 1978	160	83.425	76.575	

Purchase order for the AAC/ACSR conductors was subsequently placed by the Department with the Small Scale Industries Development Corporation Limited (SICOP) Jammu in November 1980, at higher rates and procurement of the conductors short supplied by the original firms thus resulted in extra expenditure of Rs. 3.85 lakhs. According to the relevant purchase orders, penalty at the rate of $\frac{1}{2}$ per cent of the value of the undelivered portion of the order per week subject to 5 per cent thereof was to be imposed upon the defaulting firms and extra cost in arranging the supplies from other sources also recovered from them. No penal action has, however, been instituted against them so far (November 1985).

(iv) Order for 73,000 L.T. Brown Glazed Porcelain Pin Insulators at Rs. 0.94 each plus C.S.T., F.O.R. Jammu was placed (March 1977) by the erstwhile Superintending Engineer, Electric Purchase Circle on firm 'A' of Calcutta for supply by end of August 1977. After despatching 15,000 insulators, the firm stopped further supply and stated (April 1978) that though the sample of the pin insulators offered by them was somewhat different from the Department's requirement they had offered to supply insulators as per specifications of the Department on the verbal commitment of the Chief Engineer that order for L. T. Guy Insulators would also be placed with them and as purchase order for the same was not actually placed with them they were not bound to complete the supply of pin insulators. Purchase of these pin insulators subsequently from another firm 'B' (order placed in January 1979 at higher rates resulted in extra expenditure of Rs. 0.49 lakh excluding freight charges from Jharsuguda (Orissa) to Jammu which were not intimated to audit (November 1985). In reply to a query from the Commissioner, Power Development Department, the Superintending Engineer, Electric Purchase Circle, stated (September 1979) that there was no commitment on record that order for Guy Insulators had been agreed to be placed with firm 'A'. It was, however, observed in audit that Purchase Committee had, after discussion (15th March 1977) with the representative of the firm 'A' accepted some of the their post-tender clarifications and decided to place order for 27,000 Guy Insulators also with them. Subsequently, the Guy Insulators were ordered from firm 'C' on the grounds that firm 'A's acceptance to the proposed purchase order asked for telegraphically on 11th May 1977 was received only on 6th June 1977. Why a written commitment of the firm 'A' in this respect was not obtained before decision to place order with them was taken by the Purchase Committee was not intimated to audit. Moreover, when the department had sent a telegram for getting confirmation of firm 'A', its response should have been awaited before placing order

with some other firm involving extra expenditure. However, Superintending Engineer Purchase Circle's records did not show any action having been taken in this respect. At the instance of the Purchase Committee, the case regarding non-fulfilment of the contractual obligations by the firm 'A' was referred (February 1979) by the erstwhile Superintending Engineer, Electric Purchase Circle to the Commissioner, Power Development Department for appropriate action. Further developments were awaited (October 1986).

(b) In the following cases, cost of shortages/damages, penalty for non-fulfilment of the contracts or Government dues were not recovered, material supplied by the contractors was substandard or avoidable expenditure was incurred on payment of demurrage.

(i) Order for purchase of 70,000 imported Chinese make 11 KV Disc Insulators valuing Rs. 65.17 lakhs was placed (July 1981) by the Chief Engineer, Procurement, Material and Management with a firm of Jaipur. The supply to be started immediately on receipt of the order was to be at 20,000/25,000 discs per month. 36,000 insulators were to be despatched to the following units but consignee for the remaining 34,000 insulators was not specified in the purchase order :—

	B&S Type	T&C Type	Total
	Numbers	Numbers	Numbers
1. Electric Central Stores Division, Jammu	10,000	6,000	16,000
2. Electric Central Stores Division, Srinagar	10,000	10,000	20,000
	20,000	16,000	36,000

95 per cent payment was to be made to the suppliers against railway receipts and the balance 5 per cent within 30 days after receipt and verification of the material. In case of delay, penalty was to be imposed at the rate of $\frac{1}{2}$ per cent of the value of undelivered portion of the supply per week subject to a maximum of 5 per cent thereof.

The firm supplied 13518 and 19992 insulators valuing Rs. 12.58 lakhs and Rs. 18.62 lakhs to the Electric Central Stores Divisions Jammu and Srinagar respectively and did not make the remaining

supply. The Department determined (April 1985) a recovery of Rs. 3.27 lakhs from the firm as shown below :—

Particulars	Amount
	(Rupees in lakhs)
(i) Penalty for 13518 insulators supplied late and insulators not supplied to Electric Central Stores Division, Jammu	0.74
(ii) Penalty for non-supply of 34000 insulators (for which consignee was not specified by the Department)	1.58
(iii) Cost of 894 insulators received short/damaged in Electric Central Stores Division, Jammu	0.87
(iv) Cost of shortages/damages and penalty for late/non-supply of material to the Electric Central Stores Division, Srinagar	0.08
Total	3.27

Though the firm's performance bank guarantee for Rs. 1.67 lakhs (valid up to 31st December 1985) and their balance claims amounting to Rs. 1.30 lakhs for the insulators supplied are available with the Department, no adjustment against the recovery due from them has been made so far (November 1985). It was also observed in audit that two bank guarantees for Rs. 4.93 lakhs held by the Department as security deposit for satisfactory completion of the contract were released by the Chief Engineer in favour of the firm in September 1984 when the Department was aware of the recoveries due.

(ii) 545 numbers Distribution Transformers (120 numbers 100 KVA, 125 numbers 63 KVA and 300 numbers 25 KVA) required for Jammu region were ordered by the Chief Engineer, Procurement, Material and Management from firm 'D' in April 1983 at a cost of Rs. 48.64 lakhs. Before despatch the transformers were required to be inspected by the Director General, Supplies and Disposals. All these transformers were received in the Electric Central Stores Division,

Jammu during August-September 1983, and were issued to the indenting units.

The firm had quoted that the bushings/terminal arrangement of the transformers would conform to IS-347 and the specifications mentioned by the Department in the Notice Inviting Tender and the purchase orders had been placed with them accordingly. The Director General, Supplies and Disposals intimated (June 1983) that the transformers will be inspected as per IS-1180-Part-II-1976, which provides for double bushing arrangements. Accordingly, the firm was advised to provide bushing as per IS-1180-Part-II but in response it stated (June 1983) that the bushing already provided was strictly as per relevant purchase orders and the drawings approved by the Department but confirmed that both HV and LV bushings were easily replaceable without affecting the transformers or cutting the cover plate of the tank which they had offered for inspection to the Director General, Supplies and Disposals with single bushing arrangement and that in case of any discrepancies arising with bushings and transformers during operation they would repair/replace the bushing free of cost.

Subject to the firm's agreeing to :—

(i) the Department withholding 2 per cent payments till price reduction for single bushing instead of double bushing in the transformers was settled, and (ii) guarantee period being treated as 18 months from the date of commissioning or 24 months from the date of despatch whichever was earlier, the department decided to accept the transformer as per the drawings already approved. But the Department, subsequently, felt that as the purchase order specified that the equipment on order was to be tested in accordance with the relevant standards, the transformers should have complied with the requirements of IS-1180-Part-II and came to the conclusion that the firm was responsible for concealing some important information about the sealed type transformers with respect to bushing arrangement which it did not provide as per IS-1180-Part-II. Decision about the price reduction for single bushing instead of double (worked out by the Department for 545 transformers at Rs. 0.55 lakh) has not been taken so far (October 1985). Meantime, complaints were received from seven user units (out of ten units to whom these had been issued) in Jammu region during the period October 1983 to October 1984 that a large number of transformers received were defective, not working satisfactorily and that in some cases these were damaged at the time of installation or soon after commissioning.

The performance guarantee period of the transformers expired in August and September 1985, though bank guarantees amounting to Rs. 2.57 lakhs given by the firm towards the performance guarantee have not been released so far (October 1985). The Executive Engineer, Electric Central Stores Division, Jammu stated that the damaged/defective transformers were being repaired/set right by the suppliers but performance reports about their satisfactory working called for by him (April 1985) were awaited (November 1985) from most of the units concerned. It would, thus, appear that the transformers supplied by the firm were substandard and their performance had fallen short of the requirements.

(iii) Buffer import of steel is channelised through the Steel Authority of India Limited (SAIL) for "Sales on High Seas Basis" to the "Buffer Allottees" in the country. Offer of SAIL for supply of imported steel to the Power Development Department under the aforesaid scheme was accepted by Government in March 1982 and the Trade Agent, Jammu and Kashmir Government, Bombay authorised to make payments to SAIL, obtain documents and arrange release of consignments from the Bombay Port and despatch the same to Electric Central Store Division, Jammu. A letter of credit for Rs. 103.29 lakhs was opened with the Jammu and Kashmir Bank Limited (actually operated for Rs. 84.29 lakhs) and the Trade Agent authorized to operate upon the same for making payments to SAIL. Besides, Rs. 29.40 lakhs were advanced by the Electric Central Stores Division, Jammu to the Trade Agent between April 1982 and March 1983 for clearance of the steel from the port and its despatch to the consignee. 2045 tonnes of steel were cleared and despatched to the consignee during July 1982 and June 1983.

Due to delay in clearing the steel consignments from the port, demurrage and sorting charges amounting to Rs. 5.60 lakhs and Rs. 0.50 lakh respectively were paid. The Trade Agent stated (November 1984) that due to late receipt of funds from the Department, the clearing documents were received by him from the Bank late which resulted in payment of demurrage charges and as delivery of some consignments could not be taken direct from the steamers when they discharged the cargo, the Bombay Port Trust authorities had removed the same to their stockyards quite away from the port and as in the process of shifting and dumping the steel bundles got broken and lost the identity tags, their subsequent location became difficult and involved sorting charges. As letter of credit in the Jammu and Kashmir Bank stood opened in favour of the Trade Agent, reasons as to why there was still delay in the Bank's releasing the relevant documents

and passing them on to the Trade Agent were not intimated to audit (November 1985).

Delivery of some wagons loaded with steel despatched by the Trade Agent, Bombay which reached Jammu railhead in February 1983 and bore the name of consignee as Deputy Commissioner, Jammu was refused to be made by the Railways to the Executive Engineer, Electric Central Stores Division, Jammu even on production of Indemnity Bonds. The material was got released from the Railways on receipt from the Trade Agent, Bombay of the relevant despatched documents only on 23rd February 1983 involving payment of demurrage and wharfage charges amounting to Rs. 0.49 lakh which could be avoided if this consignee's address had been correctly recorded or the relevant documents received in time.

(c) In the following cases, Government money was locked up due to non-supply/delay in supply of material by the firms or purchases in excess of requirements :—

(i) Government sanctioned (May 1984) by debit to capital outlay on Power Projects, an advance of Rs. 10 lakhs in favour of Jammu and Kashmir Minerals Limited (JKML—a State Government Company) for raising the capacity of the Company's Precast Concrete Wuyan (Kashmir) to 10,000 precast cement concrete (P.C.C.) poles per annum for meeting the demand of the State Power Development subject to the condition that agreement was drawn with JKML to ensure that the money was utilized for the purpose for which it was meant and that P.C.C. poles worth Rs. 10 lakhs were supplied within one year from the date of advance failing which interest at the prevalent bank rate was chargeable. The advance was paid by Electric Central Stores Division, Srinagar to the JKML in June 1984.

Purchase order placed by the Chief Engineer, Procurement and Material Management in June 1984 read with amendments issued in July and September 1984 required the JKML to supply 9000 P.C.C. poles of 8 meters length (rate not settled up to October 1985) out of which poles worth Rs. 10 lakhs were to be supplied to the Electric Central Stores Division, Srinagar and the remaining to the consignees to be nominated by the Chief Engineer, Maintenance and Rural Electrification Department, Srinagar after supply against the advance of Rs. 10 lakhs was completed. Poles were supplied by JKML to officer consignees against fresh payments. However on inspection by the Procurement and Material Management Wing of some poles selected at random out of 500 poles offered by JKML in November 1984,

it was observed that the offered poles were not of required specifications. This dispute has not been settled and the JKML have neither made any supply against the advance of Rs. 10 lakhs nor refunded that amount so far (November 1985). Interest at the rate of 12 per cent on the aforesaid advance from June 1984 to November 1985 worked out to Rs. 1.80 lakhs. Agreement, as required, was not drawn with the JKML and information as to whether the advance was utilised by them for the purpose for which it was meant was also not supplied to audit (October 1985).

(ii) The Chief Engineer, Procurement and Material Management placed an order (November 1982) with Small Scale Industries Development Corporation, Jammu (SICOP—a Government Company) for arranging manufacture and supply through different local units at Jammu 4658.623 Kms. AAC/ACSR conductors of different sizes. Electric Central Stores Division, Jammu advanced (April-May 1982) Rs. 1 crore for purchase, E. C. Grade Aluminium and also supplied (August 1982 to January 1983) 186.62 tonnes high tension galvanized steel wire (Value: Rs. 0.18 crore) to the SICOP for arranging processing of the ordered conductors. 4465.748 kms. conductors involving utilization of aluminium and high tension galvanized steel wire valuing Rs. 1.11 crores were supplied by the designated units to the Department up to end of December 1984. Though supplies were required to be completed by October 1982, Rs. 6.76 lakhs were still with the Company in October 1985.

Meanwhile, another order for manufacture and supply of 6231 kms. conductors of different sizes was placed with SICOP by the Chief Engineer, Procurement and Material Management in April 1984 for supply in seven months from the date of order. A further advance of Rs. 1 crore was paid (February/September 1984 and February 1985) by the Electric Central Stores Division, Jammu to the Company for purchase of aluminium required for manufacturing the aforesaid conductors.

High tension galvanized steel wire for manufacturing the conductors was also to be supplied by the Department. Against the aforesaid order only 3318 kms. conductors of different specification have been supplied by different manufacturing units up to end of November 1985. The delay in supplies was stated to be due to non-arranging of high tension galvanized steel wire by the Department.

Government money has, thus, remained blocked for long periods with corresponding undue financial aid to the Company. In fact of

persistant related supply of AAC/ACSR conductors by the Corporation since 1982, what alternative arrangements were made for the conductors and at what cost was not intimated (November 1985) to audit.

(ii) In the following cases, purchases in excess of requirements have resulted in block-up of Government money :—

Name of stores/ particulars of the material	Period during which purchased	Quantity received	Quantity issued	Balance ending October 1985		Remarks
				Quantity	Value (Rupees in lakhs)	
Electric Central Stores Division, Jammu						
(a) L.T. metering current trans- formers of 100/ 200 and 400/ 4 Amps.	April 1982 to September1983	11235 Nos.	15Nos. (October1982 to October 1985)	11220 Nos.	3.54	The case regarding issue of material was stated (April 1985) to be under correspondence with Chief Engineer, Maintenance and Rural Electrification, Jammu.
(b) L. T. control Pannels	June 1982 to October 1982	25 sets	10sets (October 1982 to October 1985)	15 sets	10.80	Material not lifted by the indenting units.

Name of stores/ particulars of the material	Period during which purchased	Quantity received	Quantity issued	Balance ending October 1985		Remarks
				Quantity	Value (Rupees in lakhs)	
(c) Red Oxide Paint	October 1982	7725 litres	2904 litres (December 1982 to August 1985)	4821 ltrs.	0.75	Average annual issue of about 1090 litres during December 1982 to August 1985 shows that purchase of 7725 litres at a time in October 1982 was in- judicious. The present condition of the paint in stock was not intimated to audit.

**Electric Central Stores
Division, Srinagar**

(a) 11 KV Disc Insulators (T&C 45 KV)	August 1983 to March 1984	12369	5885(up to March 1985)	6484 (ending March 1985)		
(b) 11 KV Disc Insulators (845 45KV)	September 1982 to April 1984	10861	4876 (up to March 1985)	5985 (ending March 1985)	15.39	

5.8.4. Other Topics of Interest

(i) Loss due to theft

40. 0815 tonnes of steel of different specifications valuing Rs. 1.59 lakhs were stolen from Electric Central Stores Division, Jammu in January 1982. The case reported to the Police (January 1982) and subsequently challaned in the Court is sub judice (October 1985). 7.525 tonnes of steel valuing Rs. 0.30 lakh recovered by the Police during June and November 1982 were taken over by the department on 'Superdnama'. It was observed that when the theft took place, the premises had not been fenced and its watch and ward had been entrusted to daily rated workers also. No departmental investigation was conducted on the plea that theft case was immediately reported to the Police.

Another theft of 9.480 tonnes of angle iron valuing Rs. 0.47 lakh took place from the same store in July 1984. The Police, to whom the case was reported (July 1984), recovered 8.240 tonnes of iron which were taken by the department on 'Superdnama' in September 1984. Balance 1.240 tonnes of iron valuing Rs. 0 .06 lakh has not been recovered and the case is still (October 1985) under police investigation.

(ii) Non/inadequate recovery of security from officials incharge of stores

In Central Electric Divisional Store, Jammu six officials (Junior Engineer/Section Officers/Draftsman) are working as storekeepers/store officers and the value of stores in their charge is on the average worth about Rs. 2 crores but no cash security or personal surety has been obtained from them (November 1985). Similarly, in Central Electric Divisional Stores, Srinagar, cash security (and no personal surety) between Rs. 240 and Rs. 330 only has been obtained (July 1985) from each of the five storekeepers/store officers incharge of stores worth about Rs. 3 crores. Reasons for non-recovery/inadequate recovery of security and non-obtaining of personal surety were not intimated to audit (November 1985).

5.8.5. Summing up

1. Though the Procurement and Material Management Organization came into being in mid 1981, the functions and jurisdiction of its units have not been spelt out nor has any manual regulating its working been approved so far (November 1985). The units have been functioning mostly on ad hoc basis. Similarly, due to non-receipt of the periodical requirements of the material from different indenting units of the P. D. D. according to a co-ordinated time schedule the object of consolidating these requirements and effecting purchases in the most economical manner has not been achieved. Procurement of material for power projects after June 1981 required to be done by the Organisation continues to be dealt with by the Power Wing of the Department as before. The job of material inspection outside the State also continues to be got done mostly through the Director General, Supplies and Disposals as done earlier. Like-wise due to lack of co-ordination with the user units, the Inventory Control and Disposal Division of the Organisation has not been able to collect data about the requirement, consumption and availability of key construction material for arranging inter-unit transfers and disposal of available surplus/unserviceable stores. Thus, the staff provided to some of the units, particularly Electric Purchases Circle, Material Inspection and Inventory Control and Disposal units have not been effectively and adequately utilized and the Organisation has not been able to regulate (October 1985) its main job.

2. Test audit of the accounts of the expenditure on procurement of stores has disclosed the following irregularities :—

- Extra expenditure due to delay in placing purchase orders, approval of designs and drawings, backing out by contractors, etc.
- Non-recovery of the cost of transit shortages/damages, non-levy of penalty for non-fulfilment of contractual obligations and supply of substandard material by the contractors, avoidable expenditure on payment of demurrage charges, non-recovery/delay in recovery of Government dues etc.
- Locking up of Government money due to purchases in excess of requirement or due to non-supply of materials by the firms after getting advances.
- Steel worth Rs. 1.59 lakhs was stolen from Electric Central Stores Division, Jammu in January 1982 when the store premises had not have a fenced perimeter. Material valuing Rs. 0.30 lakh only has been recovered by the Police so far (October 1985).

The matter was referred to the Government (January 1986); their reply is awaited (May 1986)..

CHAPTER—VI

REVENUE RECEIPTS

LAW DEPARTMENT

6.1 Short levy of stamp duty

Under the Jammu and Kashmir Stamp Act, 1977 (1920 A.D.), on deeds of mortgage, stamp duty is leviable at the rates prescribed under Article 40(a) or 40(b) of Schedule I to the Act, depending on whether the possession of property has been given or not. As per explanation below Article 40 *ibid*, where a mortgagor gives to the mortgagee a power of attorney to collect rents or to lease the property mortgaged or part thereof, he is deemed to have given possession thereof within the meaning of this Article.

In District Registry, Badgam (in Kashmir), a mortgage deed, executed in favour of the Jammu and Kashmir State Financial Corporation to secure a loan of Rs. 6.97 lakhs, was registered on 22nd June 1984. It was followed by execution of a deed of power of attorney (registered on the same date), authorising the attorney *viz.*, the Jammu and Kashmir State Financial Corporation, *inter alia*, to give on lease any part of the mortgaged property and to collect rents, profits etc. in respect thereof. As it was a case of mortgage with handing over possession of the property, stamp duty was leviable as on a conveyance under Article 40(a) of Schedule I to the Act. However, stamp duty was levied at the reduced rate applicable to a mortgage deed without giving possession of property. The mistake resulted in stamp duty being levied short by Rs. 22,602.

On this being pointed out in audit (September 1985), the department accepted the audit objection and stated (October 1985) that the deficit stamp duty would be recovered from the concerned person. Report on recovery is awaited (April 1986).

The matter was reported to Government (October 1985); their reply is awaited (September 1986).

6.2 Short levy of stamp duty and registration fee

Under the Jammu and Kashmir Stamp Act, Samvat 1977 (1920 A.D.), for purposes of levying stamp duty on conveyance deeds, the term 'conveyance' includes conveyance on sale, as also every instrument

by which property, whether movable or immovable, is transferred inter vivos. The instrument of conveyance must disclose the amount of consideration paid for the property. Advelorem stamp duty is payable on the valuation disclosed in the instrument.

In a Sub-Registry in Kashmir Division, a sale deed conveying a cinema theatre, along with accessories such as projectors, furniture fixtures etc., was registered on 21st August 1984 based on a consideration of Rs. 3,75,000 and stamp duty amounting to Rs. 27,000 and registration fee amounting to Rs. 4,529 were levied. It was, however, noticed in audit (August 1985) that the executant had earlier (November 1980) mortgaged the property to a Bank for securing a loan of Rs. 10,00,000, that at the time of execution of the sale deed, a sum of Rs. 8,87,013 was still to be repaid to the Bank and that according to the tripartite agreement executed on 26th April 1984 between the vendor, the vendee and the Bank, the vendee was also required to pay this amount to the Bank. Thus, the total consideration for sale was Rs.12,62,013 and not Rs. 3,75,000, on which stamp duty and registration fee were levied. The omission to take the unpaid amount of loan into account resulted in stamp duty and registration fee being levied short by Rs. 63,900 and Rs. 10,643 respectively.

On the omission being pointed out in audit (August 1985), the department stated (August 1985) that action was being initiated to realise the deficit stamp duty and registration fee. Further development is awaited (April 1986).

The matter was reported to the Government in September 1985; their reply is awaited (September 1986).

FINANCE DEPARTMENT

6.3 Short levy due to application of incorrect rate of tax

(a) Under the Jammu and Kashmir General Sales Tax Act, 1962, on sales made by food and beverage vendors (dhabewallas, tandoorwallas, tea stall holders and halwais), tax was leviable at the rate of 2 per cent up to 31st March 1982 and at 8 per cent thereafter (being an unspecified item as per revised schedule notified vide S.R.O. No. 80 of 12th March 1982, effective from 1st April 1982).

In Jammu, on sales amounting to Rs. 10,81,914 made by a vending unit during the year 1982-83, tax was levied at 2 per cent, instead of at the correct rate of 8 per cent. The mistake resulted in short levy of tax by Rs. 68,160 (including surcharge).

On the mistake being pointed out in audit (February 1985), the Commissioner Sales Tax, Srinagar stated (October 1985) that an additional demand had been raised. Report on recovery is awaited (April 1986).

The matter was reported to Government (July 1985); their reply is awaited (September 1986).

(b) Under the Jammu and Kashmir General Sales Tax Act, 1982, on sale of shooks tax is leviable at 7 per cent.

In a sales tax circle in Srinagar, on sales of shooks amounting to Rs. 1,62,386 and Rs. 1,62,766 made by a dealer in the years 1980-81 and 1981-82 respectively, tax was levied at the rate of 4 per cent instead of at the correct rate of 7 per cent. This resulted in tax being levied short by Rs. 10,242 (including surcharge).

On mistake being pointed out in audit (November 1984), the department realised the tax of Rs. 10,242.

The case was reported to Government (August 1985); their reply is awaited (September 1986).

(c) Under the Central Sales Tax Act, 1956, on inter-State sale of goods (other than declared goods) which are not supported by prescribed declarations, tax is leviable at 10 per cent or at the rate applicable to the sale or purchase of such goods inside the appropriate State, whichever is higher. Under the State Sales Tax laws, on sale of stainless steel utensils, tax is leviable at the rate of 12 per cent

In Sales Tax Circle, Srinagar, on inter-State sales of stainless steel utensils valuing Rs. 5,05,410 (not supported by prescribed declarations in form 'C' from the purchasing dealers) tax was erroneously levied at the rate of 10 per cent instead of at 12 per cent. The mistake resulted in tax being levied short by Rs. 10,108.

On the mistake being pointed out in audit (October 1985), the department stated (October 1985) that statutory notice for recovery of tax had been issued to the assessee. Further development is awaited (April 1986).

The case was reported to the Government (November 1985); their reply is awaited (September 1986).

6.4 Irregular grant of exemption from tax

By a notification issued in May 1978, the State Government exempted small scale manufacturing units from payment of sales tax on their products for a period of ten years from the date of registration with the Department of Industries and Commerce or the date of commencement of their production of goods by the units, whichever was earlier, subject to fulfilment of conditions specified in the notification.

In the case of a manufacturing unit in Srinagar, which had commenced production in August 1963, no sales tax was levied on sales amounting to Rs. 1.10.970 made during the year 1978-79 even though these sales were made after the expiry of the period of ten years from the date of commencement of production. The irregular grant of exemption resulted in tax amounting to Rs. 13,982 not being realised.

On the omission being pointed out in audit (November 1982), the assessing authority stated (July 1985) that a demand for Rs. 13,982 had since been raised against the dealer. Report on recovery is awaited (April 1986).

The case was reported to Government (July 1985); their reply is awaited (September 1986).

6.5 Non-levy of purchase tax

Under the Jammu and Kashmir General Sales Tax Act, 1962, a dealer, who purchases (without payment of tax) any taxable goods and exports them to other States in circumstances, in which no tax is payable under any other provisions of the Act, shall be liable to pay tax on the purchase value of such goods at the same rate at which it would have been leviable on the sale price of such goods. This provision is effective from 1st July 1981.

In a sales tax circle in Jammu, an iron scrap dealer purchased iron scrap valuing Rs. 8,50,259 from the local hawkers during 1981-82 and transferred the entire stock to his head office (Amritsar), declaring it as non-taxable. The assessing authority admitted the claim and assessed the transactions for 'nil' tax liability. It was, however, noticed in audit that out of the stock of Rs. 8,50,259 iron scrap valuing Rs. 5,52,604 was transferred to the head office at Amritsar after 1st July 1981. Exemption from levy of purchase tax was, therefore, not admissible on this portion of the stock. The irregular grant of exem-

ption resulted in tax amounting to Rs. 22,104 not being realised.

On the omission being pointed out in audit (January 1985) the assessing authority stated (July 1985) that a demand for Rs. 22,104 had since been raised against the dealer. The Commissioner, Sales Tax, however, intimated (October 1985) that the dealer had filed a writ petition in the High Court against the demand. Further developments are awaited (September 1986).

The case was reported to Government (August 1985) ; their reply is awaited (September 1986).

6.6. Turnover escaping assessment

Under the Jammu and Kashmir General Sales Tax Act, 1962, if any person conceals his turnover or furnishes inaccurate particulars thereof, the assessing authority shall direct that such person shall pay, in addition to the tax, by way of penalty, a sum not less than the tax which would have been avoided, if the taxable turnover returned by such person was accepted as correct.

In a Sales Tax Circle in Srinagar, an assessee was assessed (July 1982) on a taxable turnover of Rs. 3,44,438 for the period from 21st July 1979 to 31st March 1980. However, a cross checking in audit of the purchase statement and account of utilization of declaration forms 'C' as furnished by the assessee to the department, revealed that the dealer had concealed turnover amounting to more than two lakhs of rupees resulting in short levy of tax.

On this being pointed out in audit (November 1984), the department re-assessed (May 1985) the dealer, determining the escaped turnover as Rs. 1,85,263 for the accounting year 1979-80 and Rs. 1,20,232 for the accounting year 1980-81 and raised an additional demand for Rs. 25,660, including penalty of Rs. 12,830. Report on recovery is awaited (April 1986).

The matter was reported to Government (August 1985); their reply is awaited (September 1986).

6.7 Non-levy of tax

In Sales Tax Circle 'B' Jammu, during the accounting years 1981-82 and 1982-83, a dealer had claimed his sales turnover of de-oiled cake pellets (popularly known as soyabeen warrian) amounting to Rs. 1,46,781 and Rs. 2,83,847 respectively as non-taxable. Based

on this declaration and an affidavit filed by the dealer in November 1984 (stating that he had not collected any tax from the purchasers), the assessing authority did not levy any tax on the aforementioned turnover. However, as per the clarification issued (June 1984) by the Commissioner of Sales Tax, sales of de-oiled cake pellets were to be assessed to tax at 4 per cent under entry No. 49 Schedule I of the notification dated 15th May 1965. The irregular grant of exemption resulted in tax amounting to Rs. 18,086 not being realised.

On this being pointed out in audit (Februray 1985), the department accepted the audit objection, raised an additional demand for Rs. 18,086 and recovered the same in October 1985.

The case was reported to Government (October 1985) ; their reply is awaited (September 1986).

6.8 Non-levy of tax due to misclassification of goods

In Sales Tax 'D' circle, Srinagar, a dealer had misclassified certain goods (valuing Rs. 1,64,411) sold by him during the years 1979-80, 1980-81 and 1981-82. The misclassification, which was not detected by the assessing officer, resulted in non-realisation of tax amounting to Rs. 13,811 (including surcharge).

On the misclassification being pointed out in audit (December 1984), the departmtent stated (January/Februray 1986) that tax amounting to Rs. 13,811 (including surcharge) had since been recovered from the assessee in November 1985.

The mater was reported to the Government (November 1985); their reply is awaited (September 1986).

Forest Department

6.9 Short realisation of revenue due to incorrect computation

In a Forest Division in Jammu region, the charges for supplementary markings, conducted in a compartment, amounted to Rs. 1,55,435.94, but by mistake the bill was issued for Rs. 1,45,435.94 only. The mistake resulted in short realisation of revenue by Rs 10,000.

On the omission being pointed out in audit in March 1985, the department stated (September 1985) that an additional demand for Rs. 10,000 had since been raised (March 1985) against the lessee. Report on recovery is awaited (April 1986).

The case was reported to Government (October 1985); their reply is awaited (September 1986).

6.10. Non-recovery of surcharge

In terms of Government notifications of June 1965 and August 1968, in cases where the payment of royalty is in arrears and extensions are granted in the periods of leases of forest lots for extraction of timber, the department is required to levy surcharge at the prescribed rates on the amount of royalty outstanding against the lessees on the dates of commencement of the periods of extension.

A compartment in Kamraj Forest Division, Kupwara was allotted to a lessee for exploitation in consideration of his offer of Rs. 53,00,000. As per the agreement, the working period of the lease was up to December 1981. The lessee was granted extension in the period of lease for one year i.e. up to December 1982, subject to payment of surcharge at 2 per cent on the outstanding amount of royalty of Rs. 14,91,432. However, surcharge amounting to Rs. 29,829 was not recovered.

On the failure being pointed out in audit (April 1983), the department stated (July 1984) that surcharge amounting to Rs. 29,829 had since been recovered.

The case was reported to the Government (July 1985); their reply is awaited (September 1986).

CHAPTER—VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

7.1 General

This chapter deals with the results of audit of :

- Statutory Corporations ;
- Government Companies ; and
- Departmentally managed Government Commercial/quasi-commercial undertakings.

Paragraph 7.2 gives a general view of the Government Companies, Paragraph 7.3 deals with general aspects relating to the Statutory Corporations, Paragraph 7.4 and 7.5 give more details about each Statutory Corporation including financial and operational performance. Paragraph 7.6 deals with the departmentally managed Government Commercial and quasi-commercial undertakings.

Paragraph 7.7 contains a review on “Jammu and Kashmir Tourism Development Corporation Limited” and Paragraph 7.8 contains a mini review on “Tawi Scooters Limited”.

Paragraph 7.9 contains “Miscellaneous Topics of interest” relating to Statutory Corporations, Government Companies and Departmentally managed Government Commercial and quasi-commercial undertakings, incorporating 5 cases.

7.2 Government Companies—General view

7.2.1 There were 14 Government Companies in the State as on 31st March 1985, the position being the same as on 31st March 1984.

7.2.2 A statement as per Appendix 7.1 gives the particulars of up to date paid-up capital, outstanding loans, amount of guarantees, working results, etc., of each Company. The position is summarised as follows.

(a) Against the aggregate paid-up capital of Rs. 65.34 crores in these Companies as on 31st March 1984, the aggregate paid-up capital as on 31st March 1985 stood at Rs. 67.95 crores, as per particulars given below :

Particulars	Number of Companies	Amount invested by			Total
		State Govern- ment	Central Govern- ment	Others	
(Rupees in crores)					
1. Companies wholly owned by the State Government	11	59.52	—	—	59.52
2. Companies jointly owned with the Central Govern- ment/others	3	5.36	2.94	0.13	8.43
Total	14	64.88*	2.94	0.13	67.95

(b) The balance of long-term loans outstanding against 14 Companies as on 31st March 1985 was Rs. 15.05 crores (State Government : 8.73 crores ; others : Rs. 6.32 crores), as against Rs. 8.33 crores (State Government : Rs. 7.98 crores ; others : Rs. 0.35 crore) as on 31st March 1984.

(c) The State Government has guaranteed the repayment of loans and payment of interest thereon raised by the 6 Government Companies. As on 31st March 1985, the amount guaranteed stood at Rs. 39.21 crores and the amount outstanding thereagainst was Rs. 32.47 crores.

In consideration of guarantee given by Government, the Companies have to pay guarantee fee at the rate of 0.25 per cent of the amounts of loans raised against the guarantees. Neither guarantee fee was levied by Government nor paid by the Companies.

7.2.3 (1) A synoptic statement showing the financial results of all the 14 Companies in respect of the latest years for which accounts have been finalised, is given in Appendix.—7.2.

Eight Companies finalised their accounts for 1984-85 or earlier years ; three for 1978-79, one for 1980-81, one for 1982-83, one for 1984 and two for 1984-85. (Serial numbers 1,2,6,7,9,10,11 and 12).

*The figure as per Finance Accounts is Rs. 65.65 crores ; which includes an investment of Rs. 0.10 crore in one Central Government Company viz., National Projects Construction Corporation Limited ; the difference is under reconciliation.

The position of arrears of accounts of 11 Companies is summarised below :

Extent of arrears	Number of years involved	Number of Companies	Investment by		Reference to Serial number of Appendix 7.2
			Government	Holding Company	
			Capital/loan	Capital/loan	
(Rupees in lakhs)					
1977-78 to 1984-85	8	2	1375.04/309.32	—	3,8
1979-80 to 1984-85	6	4	1375.91/318.87	—	2,4,6,7
1981-82 to 1984-85	4	3	961.68/488.59	—	10,13,14
1983-84 to 1984-85	2	1	1499.00/100.00	—	9
1984-85	1	1	1320.00 /5.00	—	5
Total		11	6531.63/1221.78		

The position of arrears in the finalisation of accounts was last brought to the notice of Government in September 1986.

7.2.3 (2) In regard to 3 Companies which finalised their accounts for 1984-85/1984, one earned profit and the other two incurred losses as per particulars given in the following table in which comparative data for the previous year is also given.

Name of the Company	Paid-up capital at close of		Profit(+)/loss (—)		Percentage of profit/loss to paid-up capital	
	1983-84	1984-85	1983-84	1984-85	1983-84	1984-85
(Rupees in lakhs)						
1. Jammu and Kashmir Bank Limited	65.79	67.15	(+)38.17	42.39	58	63
2. Tawi Scooters Limited	80.40	80.40	(—)16.57	(—)16.70	(—)21	(—)21
3. Himalyan Wool Combers Limited	116.00	116.00	(—)36.90	(—)33.97	(—)32	(—)29

During the year, Jammu and Kashmir Bank Limited declared a dividend of Rs. 12 lakhs which works out to 0.14 per cent of the total Government investment of Rs. 64.88 crores in Companies.

7.3 Statutory Corporations—General aspects

7.3.1 As on 31st March 1985, there were two Statutory Corporations in the State which were subject to the audit of the Comptroller and Auditor General of India viz., Jammu and Kashmir State Road Transport Corporation and Jammu and Kashmir State Financial Corporation.

Audit of two other Statutory Corporations, set up under the Acts of the State Legislature, has not been entrusted to the Comptroller and Auditor General of India. They are Jammu and Kashmir State Forest Corporation and Jammu and Kashmir Electricity Board.

7.3.2 The accounts of the Jammu and Kashmir State Road Transport Corporation since its inception on 1st September 1976 to 31st March 1977 were revised by the Corporation in May 1986 and the revised accounts were furnished to Audit in June 1986. The accounts for 1977-78 to 1980-81 are under revision and the revised accounts are awaited from the Corporation (November 1986).

7.3.3 The Jammu and Kashmir State Financial Corporation has finalised the accounts up to 1984-85 and a summary of the financial results of the Corporation based on the accounts for 1984-85 is given in Appendix—7.3

7.3.4 The Jammu and Kashmir State Forest Corporation was constituted with effect from 1st July 1979 by the State Government by a notification under Section 3 of the Jammu and Kashmir State Forest Corporation Act, 1978. The assets (value : Rs. 27.09 crores, provisional) of the erstwhile Government Lumbering Undertaking were taken over by this Corporation, treating the same partly as loan (Rs. 18.06 crores) and partly as equity (Rs. 9.03 crores) investment by the State Government. Under Section 22(2) of the Act *ibid*, the accounts of the Corporation are required to be audited annually by such qualified Chartered Accountant as the Government may appoint. The accounts, as certified by him or any other person authorised by him, together with the Audit Report thereon, have to be placed annually before each House of the State Legislature.

7.3.5 Under Section 3 of the Jammu and Kashmir Electricity (Supply) Act, 1971 (as enacted by the State Legislature), the State

Government, by a notification, constituted the Jammu and Kashmir Electricity Board with effect from 5th September 1972, to provide for rationalization of generation and supply of electricity in the State and for taking measures conducive to development of electricity.

Under Section 24(A) of the Act *ibid*, the Board entrusted the work relating to the transmission and distribution of power, including execution of rural electrification programme, to the State Electricity Department in February 1973. The State Government has not made any investment in the Board (March 1985). The Board had received loans from Rural Electrification Corporation Limited and Life Insurance Corporation of India to the extent of Rs. 37,75.52 lakhs and Rs. 7,96.00 lakhs, respectively, up to 31st March 1985 and had also raised loans of Rs. 92,77.31 lakhs up to 31st March 1985 from the market by issue of bonds which are fully guaranteed by the State Government. The amount guaranteed and outstanding as on 31st March 1985, was Rs. 1,26.38 crores (under reconciliation) towards principal only. Information regarding payment of overdue amount of interest on the principal amount is awaited (May 1986).

According to Section 66(I) of the Act *ibid*, the Board has to prepare proper accounts and other records including profit and loss account and balance sheet in the form to be prescribed by the State Government. The State Government has not prescribed the form so far (January 1986). However, the audit of the accounts for the period from 1972-73 to 1980-81 as prepared by the Board was entrusted to a firm of Chartered Accountants in February 1981 and is stated to be in progress. The audited accounts along with the Audit Report thereon are to be forwarded annually to the State Government for laying before both houses of the State Legislature.

7.4 Jammu and Kashmir State Road Transport Corporation

The Jammu and Kashmir State Road Transport Corporation was established on 1st September 1976 under the Road Transport Corporations Act, 1950.

As the accounts of the Corporation are heavily in arrears as pointed out in para 7.3.2 above, summary of its financial and physical performance is not being incorporated in this report.

7.5 Jammu and Kashmir State Financial Corporation

7.5.1 The Jammu and Kashmir State Financial Corporation was established on 2nd December 1959 under the State Financial Corporations Act, 1951.

7.5.2 The paid-up capital of the Corporation as on 31st March 1985 was Rs. 4.55 crores (State Government : Rs. 2.17 crores, IDBI : Rs. 2.17 crores and others : Rs. 0.21 crore against Rs. 3.75 crores as on 31st March 1984.

7.5.3 Government has guaranteed the repayment of share capital of Rs. 3.63 crores (excluding special share capital of Rs. 0.12 crore) under Section 6(I) of the Act *ibid.* Government has also given the guarantees for the repayment of bonds issued by the Corporation from time to time and for payment of interest thereon. The amount outstanding as on 31st March 1985 was Rs. 17.50 crores as principal and Rs. 0.22 crore as interest.

7.5.4 The following table summarises the financial position of the Corporation at the end of three years up to 1984-85.

	1982-83	1983-84	1984-85
A. Liabilities			
		(Rupees in lakhs)	
1. Paid-up capital	2,44.71	3,74.71	4,54.71
2. Reserve and surplus	2,54.36	3,26.98	3,18.90
3. Borrowings			
Bonds and debentures	8,52.50	12,27.50	17,50.00
Others	12,05.37	14,98.96	19,42.90
4. Other liabilities and provision	1,39.30	1,31.16	68.53
Total-A	26,96.24	35,59.31	45,35.04
B. Assets			
1. Cash and bank balances	12.15	54.14	80.80
2. Loans and advances	25,97.14	33,83.86	43,47.84
3. Net fixed assets	10.50	12.23	14.39
4. Other assets	76.45	1,09.08	92.01
Total-B	26,96.24	35,59.31	45,35.04
C* Capital employed	21,58.63	29,80.04	39,27.33

* Capital employed represents the mean of the aggregates of opening and closing balance of the paid-up capital, plus bonds and debentures, reserves (other than those funded specifically and backed by investment outside) and borrowings.

7.5.5 The following table summarises the working results of the Corporation for the three years up to 1984-85. As the Corporation has switched over from Mercantile to cash system of accounting with effect from 1st April 1984, the working results for the year 1984-85 are not comparable with those of the earlier years.

	1982-83	1983-84	1984-85 (on cash accounting basis)
	(Rupees in lakhs)		
1. Income			
Interest	2,73.99	3,71.20	2,33.85
Other income	3.44	5.51	4.80
Total-1.	2,77.43	3,76.71	2,38.65
2. Expenditure			
Interest on long-term loans	1,30.00	1,93.60	1,78.44
Other expenses	41.47	47.90	56.52
Total-2.	1,71.47	2,41.50	2,34.96
3. Profit before tax	1,05.96	1,35.21	3.69
4. Provision for tax	38.07	54.60	1.30
5. Profit after tax	67.89	80.61	2.39
6. Other appropriations	60.90	64.89	1.48
7. Amount available for dividend	6.99	15.72	0.91
8. Dividend paid	0.88	6.99	12.06
9. Total return on capital employed	2,35.96	3,28.81	1,82.13
10. Percentage of return on capital employed	11	11	5

Amount available for dividend during the year 1984—85 amounting to Rupees 0.91 lakh fell short by Rs. 13.99 lakhs against the actual dividend liability of Rupees 14.90 lakhs. The deficit of Rs.13.99 lakhs was met from the balance provision in the dividend account of the year 1983—84 (Rs. 3.66 lakhs) and from reserve fund established under Section 35 of the Act (Rs. 10.33 lakhs).

7.5.6 The performance of the Corporation in disbursement and recovery of loans, etc, during the three years up to 1984—85 was as under:-

Particulars of applications	1982-83		1983-84		1984—85		Cumulative since inception.	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
					(Amount in lakhs of rupees)			
1. Pending at the beginning of the year	58	2,21.79	130	3,66.41	97	2,98.61		
2. Received during the year	800	15,57.32	805	15,00.70	950	18,53.25		
Total	858	17,79.11	935	18,67.11	1047	21,51.86	7644	1,09,57.18
3. Lapsed/withdrawn/ cancelled/rejected or reduced	23	2,19.17	6	1,40.81	1	1,46.38	474	15,88.09
4. Sanctioned	705	11,93.53	832	14,27.69	925	17,84.27	7049	91,47.88
5. Pending at the close of the year	130	3,66.41	97	2,98.61	121	2,21.21	121	2,21.21

Particulars of applications	1982-83		1983-84		1984-85		Cumulative since inception	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
							[(Amount in lakhs of rupees)]	
6. Loans disbursed	644	9,59.84	599	8.87.98	1031*	12,87.48	6422**	65,50.39
7. Amount outstanding at the close of the year		25,97.14		33,83.86		44,67.69*		
8. Amount overdue for recovery								
a) Principal		1,47.16		3,21.03		5,27.50		
b) Interest		98.21		2,04.89		3,97.97		
c) Total		2,45.37		5,25.92		9,25.47		
9. Percentage of default to total loans outstanding		9		16		21		

7.5.7 Certain aspects of overdues are as under :-

- year-wise analysis of overdue loans and interest as on 31st March 1985 was not readily available with the Corporation.
- The amount of default involved in 56 litigation cases in respect of 56 units as on 1st March 1975 was Rs. 0.56 crore. The number of units closed and liquidated and the amount involved therein was not available with the Corporation.

*As per Balance Sheet for the year 1984-85, the outstanding loans and advances as on 31st March 1985 amounted to Rs. 43,47.84 lakhs. The details of interest accrued but not taken into account consequent upon the switch over from mercantile to cash system of accounting, called for by Audit in October 1985, were awaited (December 1985).

**There was a difference of nine applications which has been reconciled during 1985-86.

7.6 Departmentally managed Government Commercial/quasi-Commercial undertakings—General aspects

7.6.1 There were five departmentally managed Government Commercial/quasi-Commercial undertakings in the State as on 31st March 1985.

7.6.2 Pro forma accounts of the following undertakings, including the defunct Government Fair Price shop (Drugs and Medicines), Srinagar, the erstwhile Government Lumbering Undertaking and the erstwhile Milk Supply Undertakings Srinagar/Jammu were in arrears (January 1986) as detailed below :—

Name	Years for which accounts are in arrears
1. Government Press, Srinagar	1968-69 to 1984-85
2. Government Press, Jammu	1968-69 to 1984-85
3. Government Fair Price Shop (Drugs and Medicines), Srinagar	1970-71 to September 1973 (defunct)
4. Food and Supplies Department, Jammu	1973-74 to 1984-85
5. Food and Supplies Department, Srinagar	1975-76 to 1984-85
6. Government Lumbering Undertaking	1978-79 to June 1979
7. Milk Supply Undertaking, Srinagar	1980-81 to 27th October 1983
8. Milk Supply Undertaking, Jammu	1982-83 to 2nd December 1983

Delay in finalisation of accounts was last reported to Government in September 1986.

7.7 Review on Jammu and Kashmir Tourism Development Corporation Limited

7.7.1 Introductory

7.7.1 (1) The Jammu and Kashmir Tourism Development Corporation Limited was incorporated on 13th February 1970 as a wholly-owned Government Company with the object of promoting tourism in the State. The Company started commercial operations from April 1970 with the transfer of hotels, cafeteria, tourist bungalows, etc., by the State Government from time to time during 1970-71 to 1978-79, as per details given in Appendix.—7.4

The State Government had provisionally assessed the value of the assets transferred to the Company at Rs. 1.05 crores. The final consideration payable towards costs of transfer of the above establishments

has not been determined so far (May 1986). Further, some assets were retransferred to Government and some assets were leased to the Institute of Catering and the cost of assets in the former case and terms and conditions of lease in the latter case, have not been finalised.

As on 31st March 1985, the Company had under its control 2 hotels, 1 tourist bungalow, 2 tourist reception centres and 1 tourist village, where accommodation (single-bed rooms to three-bed rooms and suites) is provided to tourists. There was no addition to the available accommodation during the three years ending 31st March 1985, as the Company had made no plans to expand the activities due to lack of finances.

The Company has been mainly administering hotels, tourist reception centres, huts and catering establishments and also organising tours by road. The Management stated in March 1986 that the Company had not been in a position to undertake in full the activities for which it had come into existence because of inadequate funds in the shape of share capital and a few other reasons (not specified).

7.7.1 (2) The overall Management of the Company is vested in a Board of Directors, whose Chairmanship was held by the Minister of Tourism up to April 1986 when the Board was reconstituted with Chief Secretary of the State becoming Chairman and the Vice-Chairman and the Managing Director becoming the Chief Executive of the Company.

7.7.1 (3) The accounts of the Company for the years 1979-80 to 1984-85 are in arrears but provisional accounts up to 1984-85 are available (June 1986). Based on these provisional accounts, the financial position of the Company at the end of five years up to 1984-85 is summarised in Appendix—7.5.

The authorised capital of the Company was raised from Rs. 2 crores to Rs. 5 crores in June 1978, against which the paid-up capital as on 31st March 1985 was Rs. 2.35 crores which was wholly subscribed by the State Government (Rs. 1.28 crores as cash, Rs. 1.05 crores as consideration on account of transfer of establishments and Rs. 0.02 crore in the form of share suspense as the shares for the amount have not been allotted so far (September 1985).

Up to 31st March 1985, the Company had obtained from the State Government loans of Rs. 1.64 lakhs (Rs. 1.00 lakhs for construction of tourist huts, Rs. 27 lakhs in 1982-83 for repairs and maintenance, Rs. 25 lakhs in September 1983 for construction of a hotel and Rs. 12 lakhs (in two instalments of Rs. 10 lakhs and Rs. 2 lakhs) in 1984 for purchase of Nissan cars).

The balance amount of outstanding loans as at the close of 31st March 1985 was Rs. 37 lakhs.

7.7.2 Overall working results and underlying factors

7.7.2.(1) Based on provisional accounts, the working results of the Company for 5 years up to 1984-85 are summarised as under:—

	(Rupees in lakhs)				
	1980-81	1981-82	1982-83	1983-84	1984-85
1. Expenditure					
(a) Provisions	7.98	5.62	4.30	9.44	7.95
(b) Salaries and wages	18.52	17.10	15.93	27.39	31.05
(c) Interest on loans	6.25	—	0.06	0.54	0.03
(d) Other Miscellaneous expenditure and provisions	30.54	39.21	33.61	51.05	43.69
Total—1	63.29	61.93	53.90	88.42	82.72
2. Income					
(a) Room rent/sale	55.14	59.98	53.21	59.99	42.20
(b) Interest	9.49	5.06	4.08	2.80	0.50
(c) Other Miscellaneous receipts	0.89	0.26	1.39	2.58	5.65*
Total—2	65.52	65.30	58.68	65.37	48.35
Profit(+) / Loss(—) for the year	(+)2.23	(+)3.37	(+)4.78	(—)23.05	(—)34.37
Accumulated Profit(+)/ Loss(—) since inception	(+)12.39	(+)15.76	(+)20.54	(—)7.68**	(—)42.05

* Includes refund of income tax for previous years.

**Includes loss of Rs. 5.18 lakhs of previous years.

Thus, from earning profits of Rs. 2.23 lakhs to Rs. 4.78 lakhs during 1980-81 to 1982-83, the Company incurred losses of Rs. 23.05 lakhs during 1983-84 whose incidence went up further sharply to Rs. 34.37 lakhs during 1984-85.

The unit-wise break-up of income and expenditure and net results is given in Appendix—7.6. Excepting Budshah Hotel and Tourist Bungalow, Gulmarg-old in 1983-84, all the units incurred losses during 1983-84 and 1984-85.

The losses from 1983-84 are attributable to low occupancy of accommodation and low operation of transport activity due to fall in the tourist influx, excessive consumption of provisions in catering, enhancement in the salaries and wages, and loss on sale of Old Dak Bungalow at Gulmarg and jet boats.

The Management further stated in June 1986 that steps like large scale renovation, better up-keeping, better maintenance, better servicing and sufficient publicity have been taken up to make all the units profitable.

Some other aspects of the operation of the units are dealt with as below :

7.7.2(2) Lodging

(a) The following table shows that apart from fall in total tourist inflow in the State after 1981-82 (from 6.44 lakhs in 1981-82 to 2.07 lakhs in 1984-85, showing reduction of 67.8 per cent), the percentage of tourists catered by the Company in 5 years up to 1984-85 varied from 8.64 to 18.36 only .

	1980-81	1981-82	1982-83	1983-84	1984-85
	(In lakh of numbers)				
(1) Number of tourists coming to the State	5.97	6.44	6.02	4.49	2.07
(2) Number of tourists catered to by the Company	0.79	0.67	0.52	0.62	0.38
(3) Percentage of the tourists inflow catered directly by the Company	13.23	10.4	8.64	13.81	18.36
		(Percentage)			

The Management stated in March 1986 that due to world-wide unrest and the disturbances in Punjab, the influx of the tourists to the valley declined, particularly during the years 1983-84 and 1984-85. The Company further added that despite wide publicity, the occupancy in the units of the Company could not improve.

(b) Data in Appendix—7.7. gives the average occupancy in various units during five years up to 1984-85.

All the units had less than fifty per cent occupancy during 1984-85 and three units recorded less than thirty per cent occupancy. Occupancy of Tourist Reception Centre, Jammu was highest (48 per cent in 1984-85) as the Estate Department of the State Government allots hotel rooms to the officials of the State Government on the annual move of the offices to Jammu from Srinagar.

7.7.2 (3) Catering

The Company manages restaurants and cafes on the Dal Lake at Nehru Park, Cheshmashahi and Lake view, in addition to the restaurants at its various hotels. Based on provisional accounts and excluding depreciation on catering, building and head office pro rata expenses, the performance of catering activity during 5 years up to 1984-85 was as under (figures are provisional) :

Particulars	1982-83	1983-84	1984-85
		(Rupees in lakhs)	
1. Receipts from catering	5. 30	10. 17	7. 76
2. Expenses (excluding depreciation and head office proportionate expenses)			
(a) Salaries and miscellaneous expenses	5. 07	6. 81	8. 64
(b) Consumable stores	3. 59	9. 35	6 .12
Total	8. 66	16. 16	14.76
3. Profit (+) / Loss (—)	(—) 3. 36	(—) 5.99	(—) 7. 00

The following points in the operation of cafeteria were noticed :

(a) The Company fixed standards of inputs for catering in October 1971. Excess consumption of provisions of Rs. 0.16 lakh during 1971-72 and Rs. 1.18 lakhs during 1972-73, over the standards was observed by the Company. Excess consumption for 1973-74 onwards was not worked out by the Company, for which no reasons are on record (May 1986). However, the standards were revised in September 1977, whereupon the unit managers of the Company represented against the revised standards and the Company approached the State Government in June 1979 to set up a committee of experts to advise the appropriateness of the standards made effective from September 1977 and recommend a suitable consumption scale, but the Government directed the Company to form the committee itself. The Board of Directors constituted a committee on 1st September 1979 but the committee has not met so far (June 1986).

The Company, however, revised the standards in October 1985, but the criteria followed was not intimated to Audit.

The percentage of value of consumable stores to receipts from catering was 91.9 *per cent* in 1983-84 and 78.9 *per cent* in 1984-85. In July 1985, the Company estimated that the consumable stores should not exceed 50 *per cent* of catering receipts, though there may not be any relation between the two, as prices of raw material may go up while the receipts may not.

(b) The Company engaged a firm for the supply of provisions at a rate contract for all the units of the Company (5 hotels including Tourist Reception Centre, Jammu and Srinagar ; New Tourist Bungalow, Gulmarg ; and 5 Cafeterias). The budget sub-committee of the Company in its meeting held in July 1985 observed that had the supply of provisions been effected directly from the wholesalers, the Company could have avoided the commission charged by intermediaries and that the supply rates should have been allowed on the basis of the location of the units so that cartage and other incidentals could be kept in view. No action has been taken by the Company on the recommendations of the sub-committee so far (February 1986).

7.7.2(4) Commercial transport activity

Commercial transport fleet of the Company as on 31st March 1985 comprised five land rover vehicles obtained on lease from the Government of India in March 1978 at a nominal rent of Rs. 24 per vehicle per annum and five imported cars (Nissan Codric) pur-

chased in December 1984 at a cost of Rs. 13.24 lakhs. Four out of the five land rover vehicles were grounded from November 1983 to September 1985 for want of repairs and the land rovers worked for average of 99 days during 1984-85. Four out of five imported cars have remained idle up to 31st March 1985.

The following summary of working results of the commercial transport wing for five years up to 1984-85 (based on provisional accounts and excluding the share of head office expenses) shows that the wing had been incurring losses whose incidence went up from Rs. 0.29 lakh in 1980-81 to Rs.2.04 lakhs in 1984-85.

	1980-81	1981-82	1982-83	1983-84	1984-85
	(Rupees in lakhs)				
1. Revenue	0.51	0.04	0.44	1.71	1.16
2 Expenditure					
(a) Salaries and miscellaneous expenditure	0.15	0.15	1.28	0.75	1.97
(b) Repairs and maintenance and P. O. L.	0.65	0.63	0.72	2.42	1.23
	0.80	0.78	1.00	3.17	3.20
3. Profit (+)/ Loss (-)	(-) 0.29	(-) 0.74	(-) 0.56	(-) 1.46	(-) 2.04

No data regarding operational performance of vehicles (i.e. Kilometres operated, Kilometres available, dead mileage, etc.) has been maintained by the Company. The manner in which the log books have been maintained does not give factual picture of operational performance. The Company stated in May 1986 that correct procedure would be followed in future.

7.7.2 (5) Expenditure on staff

Expenditure on staff constituted a substantial portion of the total expenses in various units, as below :

	1980-81	1981-82	1982-83	1983-84	1984-85
	(Rupees in lakhs)				
1. Total expenditure	63.29	61.93	53.90	88.42	82.72
2. Expenditure on staff	20.91	18.42	19.08	32.31	34.98
3. Percentage	33.03	29.74	35.39	36.54	42.28

However, the Company has not fixed any norms for provision of staff in various units. A committee constituted by the Board of Directors in July 1985 also observed that the Company lacked in manpower planning. The Management stated in May 1986 that steps had been taken for development of manpower at various levels by deputing the employees for training.

7.7.2 (6) Sundry debtors

As the Board of Directors have not approved any credit sale policy, the Company, as a tourism industry, is expected to realise revenue on cash basis. However, the balance under sundry debtors as on 31st March 1986 was Rs. 37.29 lakhs (Rs. 19.66 lakhs due from Government Departments, Rs. 7.02 lakhs from individuals, Rs. 10.01 lakhs from staff members and Rs. 0.60 lakh from Jammu units). Age-wise details of outstandings were not available with the Company. The Company had also not obtained confirmation of balances from the parties against whom the amounts are outstanding.

The Management stated in May 1986 that major portion of records and other documents pertaining to the year 1975 to March 1980 had been seized by the State Anti-corruption Department and that the records from 1980-81 to 1982-83 had either been misplaced or destroyed.

7.7.2 (7) Procurement and utilisation of stores and accounts of stores and stock

Apart from the observations made in sub-para (b) of para 7.7.2 (3) the following points were noticed.

(a) The Company has not prescribed any purchase policy and purchases are generally made off and on, on the basis of requirements.

(b) The Company has not prescribed any procedure for proper accountal of transfers and adjustments of stores and stock amongst the units and the head office.

(c) No norms have been fixed about the sale of furnishing provided in each room/suite/hut nor any norms have been fixed for the life of each store item.

(d) Store and stock registers of the units and the central office for the period prior to 1982-83 were missing. A separate cell was created in May 1983 to reconstruct central stock ledgers and

work out excesses/shortages. The cell was discontinued in October 1983 in view of the fact that the relevant records had been seized by the Anti-corruption Organisation.

7.7.2 (8) Non-recovery of hotel tariff tax and sales tax

The Company failed to recover hotel tariff tax and sales tax from the customers during the period from 1977-78 to 1982-83, the amount not recovered totalling to Rs. 23.84 lakhs (taxes were recovered before 1977-78). The Management stated in March 1986 that nothing could be said as to why the Ex Management had failed to recover the tariff and sales tax from the clients/parties. On the basis of an appeal filed by the Company, the Sales Tax Commissioner has stayed the recovery of Rs. 22.84 lakhs pertaining to the period up to 1980-81 in August 1986. The Company had neither paid the demands of Rs. 1 lakh made by the Sales Tax Department for the year 1982-83 nor any appeal has been lodged with the Commissioner, Sales Tax, for staying the recovery.

7.7.3 Deficiencies in expansion programme and provision of facilities for tourist promotion

7.7.3 (1) Blockade of funds of Rs. 1.44 crores in construction of hotel Heemal without proper viability studies

(a) Without preparing of any project and viability report, the Company acquired land measuring 14 kanals from the State Government in March 1980 on an annual lease rent of Rs. 0.21 lakh per kanal for construction of a three star hotel.

Firm 'A' of Bombay was appointed as an architect for the project and on its recommendation, the work construction of the hotel was allotted in November 1980 to another firm 'B' of Bombay at an estimated cost of Rs. 1.57 crores. The agreement with the contractor executed in April 1981 did not provide for any time schedule for completion of the project. However, under orders of the State Government, the project was handed over to the State Projects Organisation in October 1982 for execution on turnkey basis. Total expenditure on the project up to 31st March 1985 was Rs. 1.44 crores.

A project report for the proposed hotel was got prepared through another consultant 'C' in April 1984, envisaging outlay of Rs. 2.97 crores. The Board of Directors appointed a sub-committee in December 1984 to go into the financial and operational aspects of

the proposed hotel for its efficient running after completion. The committee observed in May 1985 that the hotel would not be economically viable and recommended conversion of the project into a shopping-cum-commercial complex to be sold out to private parties. The recommendations were accepted by the Board of Directors in July 1985 and the Government was approached for approval of the proposal. The Company had, however, estimated in April 1985 that operation of the proposed hotel as a commercial complex on rent basis would result in annual deficit of Rs. 5.95 lakhs.

The Management stated in March 1986 that the whole case has been considered by the State Cabinet in October 1985 and it has been decided that the hotel should be sold by open auction amongst the permanent residents of the State with permission to the successful bidder to use the property for commercial purposes like commercial offices, shopping plaza, etc. Further developments are awaited (May 1986).

Undertaking of the work by the Company without a project report has resulted in blockade of Company's funds to the extent of Rs. 1.44 crores.

(b) The design for the hotel prepared by the architect provided for a pile foundation of 16 metres depth which was not based on any soil load tests. During execution of the work, it was noticed that the soil conditions required a pile length of 26 metres. As per the agreement, the contractor was to be paid at the rate of Rs. 250 per metre length of pile over the basic length of 16 metres. The contractor was paid an amount of Rs. 13.53 lakhs for 2097.37 metres of extra pile length at the rate of Rs. 645 per metre. This resulted in an overpayment of Rs. 8.28 lakhs to the contractor.

7.7.3(2). Unnecessary investment of Rs. 30 lakhs in additional huts at Cheshmashahi

Though the percentage of occupancy of units (55 in number) at Cheshmashahi Tourist Village ranged from 23.46 to 35.27 during 3 years from 1975-76 to 1977-78, the Company obtained a loan of Rs. 100 lakhs from the State Government in March 1978 for construction of additional huts at the village. After construction of 22 huts during 1979-80 and 1980-81 through private agencies at a cost of Rs. 30 lakhs, the Company decided not to take up the construction of the remaining additional huts as it would be uneconomical in view of low occupancy. Accordingly, the entire loan with interest of Rs. 6.25 lakhs was refunded to Government during October 1980 to January 1981.

It was observed by Audit in July 1985 that as a result of construction of additional huts, the occupancy of huts had come down from 35.27 per cent in 1976-77 to 6.84 per cent in 1984-85, the year-wise data of occupancy being as follows :—

Year	Number of huts	Hut days available for hire in a year	Occupancy in terms of hut days	Percentage of actual occupancy to hut days available
(1)	(2)	(3)	(4)	(5)
1975-76	25	9125	2359	25.85
1976-77	25	9125	3218	35.27
1977-78	25	9125	2141	23.46
1978-79	29	10595	2442	23.07
1979-80	33	12045	2025	16.81
1980-81	55	20075	3375	16.81
1981-82	55	20075	3409	16.98
1982-83	55	20075	1473	7.34
1983-84	55	20075	1735	8.64
1984-85	55	20075	1373	6.84

7.7.3(3). Purchase of Jet Boats not found suitable and economical

In order to provide chartered service to the tourists and to serve as a fore-runner of modernising the tourist infrastructure in Kashmir, the Company imported two Jet Boats from U.S.S. R. in January 1981 at a cost of Rs. 9.15 lakhs. There was nothing on record to show that any feasibility report was prepared before importing these boats.

During the years 1980-81 and 1982-83, the Company earned revenue of Rs. 654 and Rs. 2,832, against the direct expenditure of Rs. 4,889 and Rs. 9,048, respectively (figures for the intervening and subsequent period were not available).

As the running of the boats was not found profitable due to high operational costs and also because they were essentially sea-going fast patrol boats not meant to be used for commercial pleasure cruises, they were sold for Rs. 6 lakhs in December 1983, incurring a loss of Rs. 0.67 lakh in disposal, after blockade of funds of Rs. 9.15 lakhs for about 3 years and incurring losses of Rs. 0.10 lakh in operation and maintenance during the period.

7.7.3(4) Provision of tented accommodation for tourists without feasibility report

In September 1977, the Company purchased 72 tents at a cost of Rs. 7.50 lakhs for providing tented accommodation to the tourists. There is nothing on record to show that any feasibility report was prepared.

Two tented colonies, each of 25 safari living tents, 2 officer's tents, 6 chouldharis and 4 mess tents were initially set up at Pahalgam and Sonamarg for two seasons of 1977-78 and 1978-79. The colonies had to be closed as they failed to attract good business and the tents have been lying in stores.

The Board of Directors in their meeting held in May 1984 observed that unnecessary retention of tents procured for tented colonies had resulted in blocking up capital for eight years, loss of interest on capital and occupation of valuable space.

Though the Director, Fire Services, had offered to purchase these tented colonies, it was decided in May 1985 that the Company would again pitch these tents at Pahalgam and other tourist places. First tented colony was established on tourist development land at Pahalgam in summer of 1985-86. As per latest estimates, tented colony will fetch revenue of Rs. 0.15 lakh per annum against expenditure of Rs. 0.23 lakh, with resultant loss of Rs. 8 thousand per annum.

7.7.3(5). Infractionous expenditure on central heating system at Gulmarg Dak Bungalow

Without preparation of any viability report, the Company installed central heating system at Gulmarg Dak Bungalow at a cost of Rs. 3.48 lakhs in December 1979. The system was not viable due to low occupancy of the Dak Bungalow and high operational cost.

During 5 years up to 1983-84, the cost of heating the rooms during winter in 4 years excluding 1982-83, was Rs. 2 lakhs against rent of Rs. 1.38 lakhs realised. (During 1982-83 the heating system developed defects due to frost and bursting of pipes and the rent realised was Rs. 0.20 lakh).

During 1984-85, the Company switched over to conventional heating system and installed fire wood heating stove at a cost of Rs. 8 thousand and Geysers for supply of hot water at a cost of Rs. 0.47 lakh.

Expenditure of Rs. 3.48 lakhs incurred on the installation of central heating system without feasibility report has proved infructuous.

7.7.3(6). Purchase of Cinema Projector not put to use

In order to provide additional amenity to the tourists, Company procured a Cinema Projector at a cost of Rs. 0.54 lakh in December 1975. However, the projector has been lying in the stores.

The Board of Directors of the Company in their meeting held in June 1983 desired that the projector be put to use or be disposed of. The Management stated in May 1986 that the projector could not be utilised so far because of the low tourist traffic during the the past three years.

7.7.4. Other Topics of Interest—Internal Audit

An internal audit cell was created in February 1984. It was later decided in December 1984 to entrust internal audit of units for the period 1983-84 and 1984-85 to outside Chartered Accountants, whereupon the cell was discontinued. No internal audit has been started so far (October 1986).

No accounting manual prescribing the procedure to be followed in the preparation and maintenance of accounts and appurtenant records has been prepared so far (October 1986).

7.7.5. Summing Up

(i) The Company was incorporated as a wholly-owned Government Company in February 1970 with the object of promoting tourism in the State. The Company started commercial operations with the transfer of hotels, cafeteria, tourist bungalows etc. (value provisionally assessed at Rs. 1.05 crores) by the State Government during 1970-71 to 1978-79. Some of the assets were retransferred to Government or leased out to other agency lateron. The final value and the terms and conditions of assets transferred / retransferred to Government and leased out has not been finalised.

(ii) The Company has been mainly administering hotels, tourist reception centres, huts, catering establishments and also organising tours by road. The Company has not been in a position to undertake

the activities in full, for which it has come in to existence, because of inadequate funds and a few other reasons (not specified).

(iii) The accounts of the Company for the year 1979-80 onwards are in arrears.

(iv) The paid-up capital as on 31st March 1985 was Rs. 2.35 crores against authorised capital of Rs. 5.00 crores. The Company has received loans of Rs. 164 lakhs up to 31st March 1985. The balance amount of outstanding loans as at the close of 31st March 1985 was Rs. 37 lakhs.

(v) Based on the provisional accounts, the Company incurred losses to the extent of Rs. 23.05 lakhs and Rs. 34.37 lakhs during the years 1983-84 and 1984-85 respectively.

(vi) The Company has catered to only a small percentage (8.64 to 18.36) of tourists out of the tourists who visited the Valley during 1982-83 to 1984-85.

(vii) Average occupancy in all the units of the Company was less than fifty *per cent* during the year 1984-85. Occupancy of Tourist Reception Centre at Jammu was the highest (48 *per cent*) due to allotment of rooms to Government officials.

(viii) The Company in its catering activities was suffering losses year after year which rose from Rs. 3.36 lakhs in 1982-83 to Rs. 7 lakhs in 1984-85. The Company fixed standards of inputs for catering in October 1971. The standards were revised with effect from September 1977 but these could not be implemented as the Unit Managers had represented against the revised standards. The Board of Directors constituted a Committee to advise on the appropriateness of the standards in September 1979, but the Committee has not met so far June 1986. The revised standards were fixed in October 1985, but criteria followed was not intimated to audit.

The Company engaged a firm for the supply of provisions at a rate contract for all the units of the Company (5 hotels including Tourist Reception Centre, Jammu and Srinagar, New Delhi Bungalow, Gulmarg; and 5 Cafeterias). Though the budget sub-committee in July 1985 had observed that had the supply of the provisions effected directly from the whole-salers the Company could have avoided the commission charged by the intermediaries. No action has been taken by the Company on the recommendations of the sub-committee so far (February 1986).

(ix) The commercial transport activity has not been profitable. The loss incurred by the Company in the activity (based on provisional accounts and excluding share of proportionate amount of Head Office expenses) which was Rs. 0.29 lakh in 1980-81 increased to Rs. 2.04 lakhs in 1984-85.

(x) The Company has not fixed any norms for deployment of staff. The percentage of expenditure on staff to total expenditure ranged from 29.74 to 42.28 during 1980-81 to 1984-85.

(xi) Though the Board of Directors has not approved any credit sale policy, the sundry debtors as on 31st March 1985 were of the tune of Rs. 37.29 lakhs. The Company has also not obtained confirmation of balances from the parties against whom the amounts are outstanding.

(xii) The Company has neither prescribed any purchase policy nor any procedure for proper account of transfers and adjustment of stores and stock amongst the units and the head office. Norms about the scale of furnishing provided in each room/suite/hut have not been fixed. Stores and stock registers for the period prior to 1982-83 are missing and the relevant records were seized by the Anti-corruption Organisation.

(xiii) The Company failed to recover hotel tariff tax and sales tax amounting to Rs. 23.84 lakhs from the customers during the period 1977-78 to 1982-83.

(xiv) Without preparation of project and feasibility report the construction of a hotel was first allotted (November 1980) to a contractor and thereafter (October 1982) to the State Projects Organisation for execution on turnkey basis. Against the estimated cost of Rs. 1.57 crores, expenditure of Rs. 1.44 crores has been incurred up to 31st March 1985. The revised cost of the project is Rs. 2.97 crores. As economic viability of the hotel is in doubt it has been decided to sell it by open auction amongst the permanent residents of the State to use the property for commercial purposes.

(xv) Even though the percentage of occupancy ranged from 23.46 to 35.27 during 3 years from 1975-76 to 1977-78, the Company obtained a loan of Rs. 100 lakhs from the State Government for construction of additional huts at Cheshmashahi. After constructing 22 huts, the Company stopped further construction work and the amount of loan was refunded with interest of Rs. 6.25 lakhs. The occupancy in 1984-85 was only 6.84 per cent.

(xvi) Two jet boats imported from the U.S.S.R at a cost of Rs. 9.15 lakhs could not be utilized profitably. These were sold in December 1983 at a loss of Rs. 0.67 lakh.

(xvii) The Company purchased (September 1977) 72 tents at a cost of Rs. 7.50 lakhs. The tents could not be utilized fully resulting in unnecessary investment.

(xviii) The central heating system provided in the Gulmarg Dak Bungalow at a cost of Rs. 3.48 lakhs could not be utilized gainfully due to its break-down and the Company switched over to conventional heating system during 1984-85, rendering the expenditure of Rs. 3.48 lakhs on the installation of the system as infructuous.

(xix) A Cinema Projector procured in 1975 at a cost of Rs. 0.54 lakh has remained in the stores unutilised resulting in blockade of investment.

The matters mentioned above were reported to Government in January 1986; their reply is awaited (December 1986).

7.8. Tawi Scooters Limited

7.8.1 Failure of the ventures, blockade of funds and losses

7.8.1 (1) In December 1975, the Jammu and Kashmir State Industrial Development Corporation Limited (SIDCO) secured a licence from the Government of India for the manufacture of 12000 scooters in technical collaboration with Scooters India Limited (SIL), a Government of India undertaking at Lucknow. In December 1976, a new Company, Tawi Scooters Limited (TSL), was incorporated, as a subsidiary of SIDCO, to handle the activity.

SIDCO had entered into an agreement with SIL on 30th March 1976 to obtain know-how and power packs for manufacturing 125cc Lambretta J-Model two wheeler scooters. Technical know-how at a fee of Rs. 12.00 lakhs to be made available to the Company by SIL in phased manner within six months of the agreement; and first instalment of Rs. 5.00 lakhs was paid in March 1976. The preliminary project report was received in 1976 and thereafter SIL was asked to prepare a detailed project report at a cost of Rs. 1.50 lakhs out of which Rs. 1 lakh was paid in December 1976. The project report received in early 1977 estimated the total cost of the project at Rs. 2.40 crores. The project report was revised in December 1977 and envisaged the project cost at Rs. 2.29 crores.

7.8.1 (2) In the Board meeting held on 22nd April 1978, the Chairman-cum-Managing Director of SIL, who was also a director of TSL, suggested phasing out of the project keeping in view the experience

of SIL and its six other licencees where it was found that low investment was faring better. In the first phase, assembly, painting and testing was to be taken up, for which SIL would supply scooters in CKD and in turn lift all the assembled scooters at a conversion cost of Rs. 400 per scooter (revised to Rs. 485 per scooter from 1st July 1981 and to Rs. 500 from 19th May 1982). The Company agreed to the suggestion and decided to procure machinery immediately to enable it to roll out scooters out of the plant by 1st January 1979.

SIL informed in January 1979 that it had decided to postpone commercial production of J-125 cc scooters till April 1980 and suggested that TSL should instead go in for assembly of DL-150 cc (Vijay Super) model as originally contemplated. An agreement to this effect was entered into with the SIL in April 1979. According to this agreement, the Company was to place with SIL an interest free deposit of Rs. 10 lakhs during the duration of the agreement i.e. ten years or till the Company implemented the IIInd phase and started commercial production, whichever was earlier. SIL agreed to treat Rs. 5 lakhs already paid towards technical know-how fee as part of this deposit. The balance Rs. 5 lakhs was payable at the time of first supply of CKD sets. The balance deposit of Rs. 5 lakhs was made in November 1980 though the first supply of CKD sets was received a month later.

7.8.1 (3) The estimated cost for setting up Ist phase of the unit was about Rs. 100 lakhs as per the revised project report of SIL of December 1977. Actual cost of the project till the commissioning of the plant in April 1981 was Rs. 74.61 lakhs (Rs. 74.73 lakhs in March 1985). Government has contributed Rs. 80.40 lakhs towards share capital during the years 1977-78 to 1981-82 and also provided loan of Rs. 36.77 lakhs in January 1979.

According to the project implementation schedule drawn up by the Board in April 1978, the production in Ist phase was to commence from 1st January 1979. Due to delay in finalising orders for the purchase of machinery and completion of civil construction works, the first phase of the plant was commissioned in April 1981.

7.8.1 (4) The licenced capacity of the plant is 12,000 scooters per annum. Since the plant is permitted to undertake production to the extent of 25 per cent in excess of the licenced capacity, the permissible installed capacity works out to 15,000 scooters per annum. According to the agreement, SIL was to supply CKD sets for assembling a minimum of 4,800 scooters in the Ist year, 7,500 in the 2nd year, 12,000 in the 3rd year and 15,000 in the fourth and in subsequent years, total anticipated supplies being 39,300 sets against which SIL supplied only 2,700 sets (6.9 per cent) during the four years ending

1984-85. Out of the later 2,699 scooters were assembled up to 1983-84 and the remaining one in 1984-85, as per year-wise data given in the following table which provides comparison with targeted production of 4,800 scooters annually.

Year	Targeted production of scooters (in number)	Actual production of scooters (in number)	Percentage of actual produc- tion to targeted production
1981-82	4,800	596	12
1982-83	4,800	1331	28
1983-84	4,800	772	16
1984-85	4,800	1	almost nil

Notwithstanding the fact that the production performance of the Company in its first phase was adversely affected on account of non-supply of the agreed number of CKD sets by SIL, no claims for liquidated damages at Rs. 5 per scooter per day of default were preferred against the SIL by the Company in terms of agreement of April 1979, on the ground that imposing of penalty would have meant parting of ways and entering into litigation.

7.8.1(5) (a) While entering into agreement for assembly of DL 150cc (Vijay Super) scooters in April 1979, it was assessed by the Company that break-even level would be achieved on assembly of 7,643 scooters per annum and the working of the unit would result in profit from the third year of the commissioning of the unit. Due to under-utilisation of the installed capacity due to non-supply of CKD sets by SIL in requisite numbers, the Company has not achieved the break-even level and has instead accumulated losses of Rs. 58.76* lakhs during operation in the 4 years from 1981-82 to 1984-85, as shown by summary of working results of the Company given below :

S. No	Particulars	1981-82	1982-83	1983-84	1984-85
(Rupees in lakhs)					
A—Income					
1.	Assembly charges	2.42	2.64	5.49	2.79
2.	Sale of steel furniture	0.81	—	0.02	0.72
3.	Miscellaneous income	1.81	0.28	0.05	0.06
4.	Increase(+)/ decrease(—) in closing stock	0.04	(+) 4.04	(—) 1.64	(—) 2.70
Total-A		5.08	6.96	3.92	0.87

*Includes provisions of Rs. 6.39 lakhs for investment allowance during 1981-82.

S. No	Particulars	1981-82	1982-83	1983-84	1984-85
B—Expenditure					
1.	Material consumed	1.46	1.64	1.09	0.62
2.	Administrative and other miscellaneous expenses	13.42	14.62	19.40	16.95
	Total-B	14.88	16.26	20.49	17.57

C—Profit(+)/ Loss (—) (—)9.80 (—)9.30 (—) 16.57 (—) 16.70

The losses were attributed by the Management in December 1983 to under—utilisation of the installed capacity due to non-supply of agreed number of CKD sets by SIL.

(b) The table below summarises the financial position of the Company for the four years up to 1984-85.

	1981-82	1982-83	1983-84	1984-85
<i>(Rupees in lakhs)</i>				
1. Liabilities				
(a) Paid-up Capital	80.40	80.40	80.40	80.40
(b) Reserves and Surplus	9.45	11.45	13.45	13.97
(c) Borrowings	36.77	36.77	36.77	36.77
(d) Current liabilities and provisions	1.73	0.48	15.55	7.81
Total—1	128.35	129.10	146.17	138.95
2. Assets				
(a) Gross block	73.61	74.28	74.64	74.73
(b) Less depreciation	7.79	12.22	18.96	24.45
(c) Net fixed assets	65.82	62.06	55.68	50.28
(d) Current assets, loans and advances	44.77	42.46	47.39	29.13
(e) Intangible assets				
(i) Miscellaneous expenditure to the extent not written off	1.57	1.30	1.04	0.78
(ii) Accumulated losses	16.19	23.28	42.36	58.76
Total—2	128.35	129.10	146.17	138.95
3. Capital employed*	108.86	104.04	87.52	71.60
4. Net worth**	72.09	67.27	50.75	34.83

* Capital employed represents net fixed assets plus working capital.

** Net worth represents paid-up capital plus reserve and surplus less intangible assets.

7.8.1 (6) In order to improve the working of the Company the Board approved in June 1982 a proposal to take up manufacture of magnetos for scooters and ceiling fans and desired to have a detailed project report for ascertaining the technical feasibility and economic viability of the project, but the proposal was later shelved on the ground of 'terrible' competition in the manufacture of such items. A proposal to enter into joint venture with two other concerns for manufacture of automobile accessories also did not materialise as both the parties declined the offer due to diversion of their activities to other locations.

7.8.1 (7) Without amending its Memorandum and Articles of Association, the Company, however, manufactured 661 steel chairs valuing Rs. 0.57 lakh and sold 620 of them for Rs. 0.81 lakh during 1981-82, without any licence from the Central Excise Department. It was observed in audit in July 1985 that orders for steel furniture valuing Rs. 12.73 lakhs were procured from Government departments during 1983-84, but the Board decided in June 1984 not to undertake this activity due to problems with the Excise Department and as negotiations for sale of the Company were under way.

7.8.1.8. However, in pursuance of Government decision to revive the Company, SIDCO entered into a collaboration with a Calcutta firm in September 1986. According to the Memorandum of understanding with the collaborator, a new Government Company will be formed and the technical know-how for manufacturing of scooters would be extended by the new collaborator.

Further developments are awaited (February 1987)

The above matters were reported to Government in October 1985; replies are awaited (December 1986).

7.9. Miscellaneous topics of interest relating to Statutory Corporations, Government Companies and Departmentally—managed commercial and quasi-commercial undertakings

7.9.1. Jammu and Kashmir State Road Transport Corporation

7.9.1 (1) Overpayment of interest

Under the bills rediscounting scheme introduced in April 1965 by the Industrial Development Bank of India, the prospective purchaser/user of indigenous machinery can acquire the required machinery on deferred payment terms. The cost of machinery is sub-divided by the seller into specified instalments and a separate bill is drawn for each

instalment plus interest in respect of deferred payment. When the whole set of bills covering the transaction is discounted with his banker, the seller would be able to realise the cost of machinery.

A test check of the element of interest paid by the Corporation in respect of 17 bills of aggregate face value of Rs. 88.46 lakhs accepted up to July 1984 revealed that interest payable worked out to Rs. 24.09 lakhs as against Rs. 25.97 lakhs paid by the Corporation. On the overpayment of Rs. 1.88 lakhs being pointed out in audit in December 1984, the Corporation took up the matter with the suppliers. Further developments are awaited (June 1986).

7.9.2. Jammu and Kashmir Small Scale Industries Development Corporation Limited

7.9.2.1. Shortage in imported steel sheets in coils

(1) For sale to registered small scale industrial units, the Company imported in March 1981 524.025 tonnes of 0.50 mm steel sheets in coils valuing Rs. 20.89 lakhs (including freight up to Bombay port) from a South Korean firm through Steel Authority of India Limited (SAIL). The material was shipped by the suppliers in 97 coils valuing Rs. 21.38 lakhs. 48 coils were found to be not traceable on receipt at Bombay but there were some unmarked coils available at the docks. Accordingly, a claim for Rs. 5.71 lakhs was lodged with the Bombay Port Trust authorities in April 1981. On the consideration that non-lifting of material would lead to blocking up of the investment besides entailing demurrage charges till the case would be decided by the insurer, it was decided in May 1981 to lift the material including the unmarked coils available at the docks. The material thus lifted weighed only 490.279 tonnes against 524.025 tonnes paid for, shortage being of 33.746 tonnes valuing Rs. 1.42 lakhs.

The claim for the shortage lodged with the insurer was rejected by the latter in November 1982 on the plea that only piece shortages and not weight shortages were entertainable. No claims with the suppliers or with the docks also appear to have been lodged presumably as the relevant file containing documents/correspondence pertaining to the case was reported by the Divisional Manager of the Company in March 1984 to be not traceable.

The decision to lift the unmarked material without lodging a claim with insurer in respect of the missing coils resulted in avoid-

able loss of Rs. 1.42 lakhs for which no responsibility has been nor has the matter been reported to the Board of Directors (August 1985).

The Government to whom the matter was reported in September 1985 stated in August 1986 that the shortages were taken into account while fixing sale rate of the material and that the Company had earned a profit of Rs. 6.71 lakhs on the transaction. The reply of the Government is not tenable, had the Company ensured proper insurance cover against weight shortages, this loss could have been avoided.

7.9.2.2. Shortage of fur skins

The Directorate of Handicrafts in April 1979 asked the Company for release of a consignment of fur from the bank by arranging finance. The consignment was earlier imported by Government for the Manufacturer's Association which could not provide fund for its release. The skins were to remain in the custody of the Company for sale to the Association on "on account basis" at landed cost (which included interest on cash credit obtained by the Company from its bankers and two *per cent* service charges).

The Company cleared the consignments containing 2.93 lakh pieces during April 1979 to January 1980 by drawing Rs. 21 lakhs from its cash credit account. As per stock ledgers of the Company, of the 2.93 lakh pieces valuing Rs. 26.58 lakhs (including interest charges of Rs. 5.16 lakhs up to March 1984 and service charges of Rs. 0.42 lakh at two *per cent*) 2.79 lakh pieces were released to the Association on payment of Rs. 24.18 lakhs, leaving a book balance of 13,980 pieces with the Company against cash liability of Rs. 2.40 lakhs. On physical verification and reconciliation with the books of the Association in January 1983, the actual balance in stock was found to be only 3,193 pieces which were not lifted by the Association, being damaged by insects and unuseable. The shortage of 10,787 pieces was stated to have occurred mainly in the second consignment which was reportedly loosely packed and open delivery was not taken as the fur Association had assured that since the materials were for them, the shortage would be on their account. Due to lack of adequate and independent proof for the reported shortages in transit, no claim could be lodged with the suppliers or their agents.

Of the available 3,193 pieces, 2,740 pieces were auctioned during June 1984 to October 1984 for Rs. 13,468 and the cost of the

remaining 453 pieces of Rs. 4,077 was ordered to be recovered from the then storekeeper but recovery is still to be effected (August 1985).

The Government stated in October 1986 that interest paid on cash credit was much less than Rs. 5.16 lakhs. However, the exact amount of interest paid and service charges levied were not intimated.

Even otherwise, based on the amount realised for 2.79 lakh pieces (Rs. 24.18 lakhs lifted by the Association and after taking into account auction proceeds of 2,740 pieces (Rs. 0.13 lakh), the net loss to the Company on this transaction would be Rs. 1.08 lakhs against which Rs. 4,077 was stated to be recoverable from a storekeeper.

7.9.3. Food and Supplies Department

7.9.3. (1) Embezzlement of Rs. 1.09 lakhs

On physical verification of cash by the Accounts Officer of the Food and Supplies Department, Jammu on 24th August 1984, an amount of Rs. 1,09,092.96 was found short with one of the cashiers. Instead of reporting the matter immediately to the Government and the police, the cashier was asked by the Accounts Officer to make good the cash by 25th August 1984. The defaulter did not report for duty. The matter was reported to the police on 27th August 1984. The cashier was placed under suspension with effect from 25th August 1984 and it was decided to hold an inquiry. Subsequently, on 19th September 1984, the head cashier also was placed under suspension pending an inquiry. The results of investigation by the police are awaited (February 1986).

The embezzlement was facilitated by to the non-observance of the provisions of the Jammu and Kashmir Financial Code which lay down that (a) all sums of money which any officer receives in his official capacity must immediately be deposited in full into the nearest treasury, (b) the appropriation of departmental receipts for departmental expenditure is strictly prohibited, and (c) at the end of each month the head of the office or his authorised officer should verify the cash balance shown in the cash book and record a signed and dated certificate to that effect. Money received from local ration dealers on account of cost of foodgrains and sugar were not remitted into the treasury

on the same day or on the morning of the next day. The entire receipts were not being remitted in the treasury and balances ranging from Rs. 20,000 to Rs. 3,00,000 were kept back for meeting expenditure on petrol, etc. Also, no monthly physical verification of cash was conducted. Non-observance of the codal requirements was pointed out by Audit on several occasions and the latest reference in this regard was made in July 1984.

The departmental inquiry report submitted in January 1986 also pointed out that ineffective supervision by the then Accounts Officer and non-observance of Codal provisions had facilitated the embezzlement. Follow-up action taken, if any, has not been intimated.

The Government stated in February 1986 that all the collections made on a day were being remitted into the Treasury on the same day with effect from 1st April 1985. It was, however, observed in audit in March 1986 that this practice was not being followed.

7.9.3(2) Embezzlement of stock/cash

The Assistant Director, Food and Supplies, District Kupwara, while conducting physical verification of the stock of foodgrains and other commodities at the close of March 1984 in sale centre, Kupwara, suspected shortages and misappropriation by the storekeeper-cum-salesman. The detailed reconciliation of the transactions for the period from 1st April 1981 to 31st March 1984 revealed misappropriation of stock/cash amounting Rs. 2.43 lakhs.

The storekeeper refunded Rs. 0.63 lakh in April 1984.

The misappropriation was facilitated due to non-maintenance of account books in District supply office, Kupwara, non-completion of account books in the Directorate and non-reconciliation of grains received, sales effected and remittances of sale proceeds by the supervisor, as required under the provisions of the manual of procedure.

The storekeeper and one supervisor were placed under suspension in September 1984. Another supervisor was also placed under suspension in November 1984. The supervisors were, however, reinstated in March 1985 and February 1986. Rs. 2.04 lakhs inclusive of penalty of Rs. 0.25 lakh were debited to the personal account of the storekeeper in March 1984 and March 1985 accounts. Further developments are awaited (May 1986).

The matter was reported to the Government in December 1985; their reply is awaited (December 1986).

7.9.3 (3) Loss on purchase and transport of substandard rice

During April to December 1981, the Food and Supplies Department, Kashmir, purchased from Jammu and Kashmir Co-operative Supplies and Marketing Federation, Jammu (JAKFED) 1.41 lakh quintals of coarse rice valuing Rs. 2.27 crores for meeting part requirement of the Kashmir Valley and the two Ladakh District—Leh and Kargil. Of this, 2,354 quintals of rice valuing Rs. 3.77 lakhs received in June 1981, July 1981 and October 1981, were found to be substandard on usual inspection and, were, therefore, returned to JAKFED.

Of the balance quantity of 1.39 lakh qtls., 0.04 lakh qtls. valuing Rs. 70.09 lakhs were despatched to Leh and Kargil Districts during May 1981 to January 1982, out of which 6,684.62 quintals valuing Rs. 10.70 lakhs were found unfit for human consumption. On receipt at destination and were returned to Srinagar during June to November 1982, incurring expenditure of Rs. 4.64 lakhs on its transport to Leh/Kargil and back and on handling, which could have been avoided if the rice had been properly inspected before despatch when the above rice could have been returned to JAKFED as done earlier.

Even on its eventual receipt at Srinagar, no action for its disposal otherwise was taken till April 1984 when it was declared unfit even as poultry feed.

There was thus loss of Rs. 15.34 lakhs, comprising Rs. 10.70 lakhs as value of rice and Rs. 4.64 lakhs as transportation and handling charges.

The matter was reported to the Department in December 1984 and to the Government in January 1985; their replies are awaited (December 1986).

CHAPTER—VIII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

8.1. **General.**—(a) During 1984-85, Rs. 16,84.48 lakhs were paid as grants to non-Government bodies, institutions and others against Rs. 10,00.37 lakhs paid in 1983-84. Analysis of the grants paid during 1984-85 is given below :—

Department	Amount
	<i>(Rupees in lakhs)</i>
Education	9,20.57
Industries	34.48
Housing and Urban Development	2,90.32
Health	35.12
Community Development and National Extension Service	27.79
Agriculture	3,76.00
Fire Services	0.20
Total	16,84.48

(b) **Utilisation Certificates.**—The financial rules of the Government require that certificates of utilisation of grants should be obtained from the grantees, checked, accepted and furnished by the departmental officers to the Accountant General within eighteen months from the respective dates of sanction of grants. On 30th September 1985, 1802 certificates (Rs. 50.32 lakhs) were awaited; of these 1484 certificates for Rs. 29.03 lakhs relate to grants paid up to end of March 1982. Details of certificates awaited up to 30th September 1985 in respect of grants paid during the period from 1st April 1982 to 31st March 1984 are given in Appendix 8.1.

Utilisation certificates have not been received although considerable time has passed since the grants were paid. In the absence of the certificates, it is not possible for the departments or Audit to know whether the grants have been utilised for the purposes for which they were given.

(c) The accounts of bodies/authorities to which grants/loans of not less than Rs. 25 lakhs (Rs. 5 lakhs up to 1982-83) each had been paid by various departments in a financial year are to be obtained from grantees by the departments and furnished to the Accountant General immediately after the accounts are certified by the auditors to determine the scope and extent of audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The annual accounts of 14 bodies/authorities for the year 1984-85 and earlier years had not been received (December 1986) by the Accountant General as indicated below :—

The earliest year from which the accounts are awaited	No. of bodies/authorities involved
1972-73	2
1977-78	1
1980-81	1
1981-82	3
1983-84	7
Total	14

The detailed break-up is given in Appendix 8.2

EDUCATION DEPARTMENT

8.2. Financial assistance to a non-Government body

In August 1983, the State Government sanctioned a loan of Rs. 10 lakhs to Jammu and Kashmir Cricket Association, Srinagar (a non-Government body) to meet the expenditure on various items connected with one day International Cricket Match between West Indies and India at Srinagar held on 13th October 1983. The sanction envisaged drawing up of an agreement before disbursement of loan and its full repayment immediately after the conclusion of the match. There was no mention of any interest payable by the Association. No formal agreement was executed; instead after obtaining an undertaking stipulating, *inter alia*, repayment of loan as per the terms of the sanction from the Association, the loan of Rs. 10 lakhs was paid in August 1983. The amount of loan has not been repaid so far (March 1986).

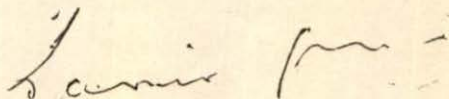
The following points also were noticed in this connection.

(i) In accordance with the provisions of Rule 14.3 read with Rule 14.6 of the Jammu and Kashmir Financial Code Vol. I only a loan bearing interest could be advanced to the Association.

(ii) Neither the sanction nor the undertaking provide for any safeguards against default in the repayment of loan.

(iii) There is no stipulation about any penal interest to be charged from the Association for delay in repayment of the loan.

On the position being pointed out to the Government in September 1984 and again in October 1985, the Education Department stated (March 1986) that the Association had expressed its inability to repay the loan due to paucity of funds/ shortage of resources and that repayment of loan has been assured after matches are organised in future.

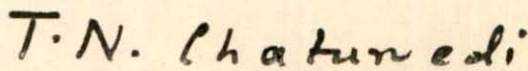


Srinagar/Jammu
The

(SAMIR GUPTA)
Accountant General (Audit),
Jammu and Kashmir

28 MAR 1988

Countersigned



New Delhi
The

(T. N. CHATURVEDI)
Comptroller and Auditor General of India

20 APR 1988

APPENDICES

APPENDIX—2.1

(Reference : Paragraph 2.2.02 ; page 13)

Excess over provision requiring regularisation

S. Number and name of the No. grant or appropriation	Total grant or appropriation	Expenditure	Excess
	Rs.	Rs.	Rs.
Revenue Section			
Voted Grants			
1. 6—Power Development Department	52,53,45,000	56,12,48,316	3,59,03,316
2. 18—Social Welfare Department	5,33,88,000	5,95,80,147	61,92,147
3. 19—Housing and Urban Development Department	3,92,27,000	3,92,58,362	31,362
4. 23—Public Health Engineering Department	26,16,53,000	32,31,18,319	6,14,65,319
Charged Grants			
1. 1—General Department	38,55,000	39,64,731	1,09,731
2. 10—Law Department	35,60,000	41,75,904	6,15,904
Capital Section			
Voted Grants			
1. 1—General Department	66,23,000	89,57,816	23,34,816
2. 8—Finance Department	1,10,00,000	3,84,56,145	2,74,56,145
3. 14—Revenue, Relief and Rehabilitation Department	50,00,000	51,93,781	1,93,781
4. 16—Public Works Department	32,61,89,000	36,48,79,557	3,86,90,557
5. 19—Housing and Urban Development Department	7,21,00,000	8,11,25,751	90,25,751
6. 21—Forest Department	17,00,000	17,98,347	98,347
Charged Grants			
1. 8—Finance Department	1,14,92,00,000	1,62,13,21,491	47,21,21,491
		Total	65,42,38,667

APPENDIX—3.1

(Reference: Paragraph 3.1.3; page 20)

Targets and achievements in setting up of biogas plants

S. No.	Name of the district	1982-83		1983-84		1984-85	
		Targets	Achievements	Targets	Achievements	Targets	Achievements
1.	Srinagar	10	1	15	2	25	1
2.	Pulwama	10	Nil	15	1	25	5
3.	Anantnag	10	Nil	15	1	25	2
4.	Baramulla	20	Nil	25	6	25	4
5.	Kupwara	10	Nil	15	Nil	25	4
6.	Budgam	10	Nil	15	Nil	25	3
7.	Jammu	35	2	70	14	75	32
8.	Rajouri	10	7	20	13	30	25
9.	Kathua	35	Nil	70	6	20	16
10.	Udhampur	30	Nil	50	7	20	9
11.	Poonch	10	Nil	20	3	30	30
12.	Doda	10	Nil	20	2	Nil	Nil
Total		200	10	350	55	325	131
Percentage			5		15		40

APPENDIX—3.2

(Reference : Paragraph 3.8.7.2 ; page 61)

Statement showing non-observance of criteria of combined seniority of registration

S. No.	Order Card No.	National classification of occupation No. of Order Card raised	Post to be filled	No. of vacancies notified	Minimum educational qualifications and requirements demanded by employer	Selection of NCO from which submission made	No. of submissions made	Remarks
Employment Exchange, Srinagar								
1.	34/84	574.10	Chowkidar	3	Middle Pass or more	X02.10	30	Taken from general vacancies code only.
2.	86/84	574.10	Chowkidar	2	Not indicated	X02.10	20	Taken from general vacancies code only.
3.	137/83	574.10	Chowkidar	3	8th Pass with one years experience	X02.10	30	Taken from general vacancies code only.
4.	11/84	350.10	L. D. C.	'Open'	Matric Pass	321.10 & 350.10	5 5	Taken from occupational code only.
5.	151/84	350.10	Clerk	1	P.U.C. Pass	X01.15	25	Taken from general vacancies code only.
6.	35/84	358.20	Peon	2	Middle Pass	X02.10	20	Taken from general vacancies code only.
7.	41/84	358.20	Peon	1	-do-	X02.10 X02.10	19 1	From both categories without observing common seniority of registration.
8.	153/84	358.10	Peon	'Open'	-do-	358.10 X02.10	4 16	-do- -do-

APPENDIX—3.2—*Contd.*

(Reference : Paragraph 3.8.7.2 ; page 61)

Statement showing non-observance of criteria of combined seniority of registration

S. No.	Order Card No.	National classification of occupation No. of Order Card raised	Post to be filled	No. of vacancies notified	Minimum educational qualifications and requirements demanded by employer	Selection of NCO from which submission made	No. of submissions made	Remarks
<hr/>								
Employment Exchange, Baramulla								
1.	10D/18/82	302.10	Assistant	'Open'	Graduate or Post graduate with 45 or 50% marks Higher Secondary Course with 60% marks	X01.30 X01.40 X01.50	23 13 2	Taken from general vacancies only without observing seniority of registration.
2.	10D/25/81	350.10	Time Scale Clerk	'Open'	Minimum Matric with bonus marks for higher examination	X01.30 X01.10 X01.15	14 15 5	Taken from general vacancies only without observing seniority of registration.
3.	FO1-11/83	358.10	Peon	'Open'	Middle Pass	358.10	4	Taken from occupational code only.

APPENDIX—3.2—*Contd.*

(Reference : Paragraph 3.8.7.2 ; page 61)

Statement showing non-observance of criteria of combined seniority of registration

S. No.	Order Card No.	National classification of occupation No. of Order Card raised	Post to be filled	No. of vacancies notified	Minimum educational qualifications and requirements demanded by employer	Selection of NCO from which submission made	No. of submissions made	Remarks
Employment Exchange, Anantnag								
1.	10D/53-83	321.10	Clerk-cum-Typist	1	Graduate in Arts/Commerce/Science with typing of 40 words per minute	X01.30	5	Taken from general vacancies only.
2.	10D/42/83	321.10	-do-	2	-do-	321.10	20	Taken from occupational code only.
3.	10D/22/81	350.10	Junior Cashier cum Clerk	'Open'	2nd division in Matriculation/Higher Secondary	331.10 350.10 X01.10 X01.15 X01.20	20 30	Taken from both categories without observing common seniority of registration.
4.	10D-19/80	358.20	Peon	'Open'	Middle Pass	358.20	40	Taken from occupational code only.

(Reference : Paragraph 3.8.7.2 ; page 61)

Statement showing non-observance of criteria of combined seniority of registration

S. No.	Order Card No.	National classification of occupation No. of Order Card raised	Post to be filled	No. of vacancies notified	Minimum educational qualifications and requirements demanded by employer	Selection of NCO from which submission made	No. of submissions made	Remarks
5.	10D-30/84	358.20	Peon	2	Middle Pass	X02.10 358.20	6 1	Taken from both categories without observing common seniority of registration.
6.	10D-31/84	358.10	Farash	1	-do-	X02.10	7	Taken from general vacancies code only.
7.	10D-18/84	350.10	Office Assistant	2	Post graduate or Graduate with 2 years experience in line	X01.45 X01.35 C01.30	3 7 2	Taken from general vacancies code only and without following the criteria of common seniority of registration.

APPENDIX—3.3

(Reference: Paragraph 3.11.5.3 ; page 105)

Statement showing the position of staff provided in schools

S. No.	Name of the district	Name of the school	Primary	Middle	Total	Staff required as per norms	Staff provided	Excess	Short- age	Teacher/ Pupil ratio
(Number of students)										
1.	Kupwara	B. P. S. Khanpora	75	..	75	3	1	..	2	1:75
		B. P. S. Shogapora	77	..	77	3	1	..	2	1:77
		B. P. S. Haripora	92	..	92	4	1	..	3	1:92
		B. P. S. Malbagh	72	..	72	3	1	..	2	1:72
		G. M. S. Gugloosa	34	2	36	1	2	1	..	1:18
		G. M. S. Diver	25	3	28	1	3	2	..	1:9
		G. M. S. Keran	29	..	29	1	2	1	..	1:14
2.	Baramulla	G. M. S. Chandilora	40	30	70	5	7	2	..	1:10
		G. C. S. Shitloo	7	5	12	1	4	3	..	1:3
		G. C. S. Tapar	31	3	34	1	4	3	..	1:9
		G. M. S. Nomoosa	40	1	41	1	8	7	..	1:5
		C. S. Gokallan	64	24	88	6	1	..	5	1:88
		B. P. G. Mandi	80	..	80	3	1	..	2	1:80
		G. M. S. Mayam	25	..	25	1	3	2	..	1:8
		G. M. S. Noorkhal	40	..	40	1	4	3	..	1:10
		G. M. S. Boniyar	35	..	35	1	5	4	..	1:7
		B. P. S. Naroo	91	..	91	4	1	..	3	1:91
		G. C. S. Cheewa	29	2	31	1	3	2	..	1:10
		B. P. S. Gavasten	107	..	107	4	1	..	3	1:107
		B. P. S. Safapora	151	..	151	5	7	2	..	1:22
		G. M. S. Ferozpora	27	11	38	4	5	1	..	1:8

(Reference : Paragraph 3.11.5.3 ; page 106)

Statement showing the position of staff provided in schools

S. No.	Name of the district	Name of the school	Primary	Middle	Total	Staff required as per norms	Staff provided	Excess	Shortage	Teacher/Pupil ratio
			(Number of students)							
3.	Anantnag	B. P. S. Adso	34	..	34	1	2	1	..	1:17
		B. P. S. Ahlan Payeen	68	..	68	3	1	..	2	1:68
		B. P. S. Mohalla Sadak	57	..	57	2	5	3	..	1:11
		B. P. S. Rampora	98	..	98	4	1	..	3	1:98
		B. P. S. Sahib Azad	99	..	99	4	1	..	3	1:99
		B. P. S. Seer	59	..	59	2	7	5	..	1:8
		B. P. S. Baba Dar	35	..	35	1	4	3	..	1:9
		G. P. S. Banapora Akingam	23	..	23	1	3	2	..	1:8
		G. P. S. Hangalgund	28	..	28	1	4	3	..	1:7
		G. P. S. Nai Basti	52	..	52	2	4	2	..	1:13
4.	Jammu	B. C. S. Zaolipora	..	..	379	9	3	..	6	1:126
		B. P. S. Mowal	65	..	65	3	1	..	2	1:65
		B. P. S. Sangwal	132	..	132	5	2	..	3	1:66
		B. P. S. Devey	109	..	109	4	2	..	2	1:55
		B. P. S. Gadwal	123	..	123	5	2	..	3	1:62
		B. P. S. Tanda	101	..	101	4	2	..	2	1:50
		B. P. S. Ramboo	127	..	127	5	2	..	3	1:64
		B. P. S. Rakhari	115	..	115	4	2	..	2	1:57
		B. P. S. Kamore	140	..	140	5	3	..	2	1:47
		B. P. S. Khampoore	150	..	150	5	3	..	2	1:50
		B. P. S. Barmile	120	..	120	4	2	..	2	1:60
		B. P. S. Rara	120	..	120	4	2	..	2	1:60

APPENDIX—3.3—Contd.

(Reference : Paragraph 3.11.5.3; page 106)

Statement showing the position of staff provided in schools

S. No.	Name of the district	Name of the school	Primary	Middle	Total	Staff required as per norms	Staff provided	Excess	Shortage	Teacher/Pupil ratio
(Number of students)										
4.	Jammu	B. P. S. Sadhoow	123	..	123	5	2	..	3	1:62
		B. P. S. Chak Chanijassu	128	..	128	5	2	..	3	1:64
		B. P. S. Behari	128	..	128	5	2	..	3	1:64
		B. P. S. Rakh Amb	142	..	142	5	2	..	3	1:71
		B. P. S. Barjani	145	..	145	5	3	..	2	1:48
		B. P. S. Mem Sarkar	139	..	139	5	3	..	2	1:46
		B. P. S. Ranjare	103	..	103	4	2	..	2	1:52
		G. P. S. Vijaypur	104	..	104	4	1	..	3	1:104
		G. P. S. Thalori	150	..	150	5	3	..	2	1:50
		G. P. S. Gudwal	111	..	111	4	2	..	2	1:56
		G. P. S. Pulota	140	..	140	5	2	..	3	1:70
		G. P. S. Trundian Samona	104	..	104	4	2	..	2	1:52
		G. P. S. Sarewa	151	..	151	5	3	..	2	1:50
		G. P. S. Kourpur	114	..	114	4	2	..	2	1:57
		G. P. S. Dardakalan	115	..	115	6	3	..	3	1:38
		B. P. S. Iahar	157	..	157	6	2	..	4	1:78
		B. P. S. Sanbatehsa	130	..	130	5	2	..	3	1:65
		B. P. S. Marjali	159	..	159	6	2	..	4	1:79
		B. P. S. Bathandi	181	..	181	6	3	..	3	1:60
		B. P. S. Lachmanpur	122	..	122	5	2	..	3	1:61
		B. P. S. Gagli	103	..	103	4	2	..	2	1:52

(Reference : Paragraph 3.11.5.3 ; page 106)

Statement showing the position of staff provided in schools

S. No.	Name of the district	Name of the school	Primary	Middle	Total	Staff required as per norms	Staff provided	Excess	Shortage	Teacher/Pupil ratio
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			(Number of students)							
		B. P. S. Kattal Battal	171	..	171	6	2	..	4	1:85
		B. P. S. Nea Plot No. 1	178	..	178	6	3	..	3	1:59

(Out of 684 primary schools (424 boys+260 girls) 364 schools (53.2 per cent) (251 boys+113 girls) are understaffed).
 (There are 227 (142 boys+85 girls) middle schools in Jammu district out of which 127 (97+30) are understaffed and 45 (17+28) are overstaffed.)

5.	Kathua	M. S. Kalibari	176	59	235	10	6	..	4	1:39
		M. S. Chak Sheikhan	63	45	108	6	9	3	..	1:12
		M. S. Bajjat	72	15	87	5	2	..	3	1:44
		M. S. Bajra	30	16	46	4	1	..	3	1:46
		G. M. S. Basohli	48	40	88	5	9	4	..	1:9
		M. S. Chakra	159	130	289	11	8	..	3	1:36
		M. S. Gadial	127	160	287	12	8	..	4	1:36
		M. S. Landi	156	53	209	10	5	..	5	1:42
		M. S. Katal Barhamna	40	81	121	5	8	3	..	1:15
		B. M. S. Nawa	110	123	233	9	5	..	4	1:46
		B. M. S. Kadyala	113	71	184	7	5	..	2	1:37
		B. M. S. Bandhore	76	146	222	9	6	..	3	1:37
		B. M. S. Naran	95	158	253	11	8	..	3	1:32
		G. C. S. Mooni	94	16	110	6	2	..	4	1:55
		G. M. S. Bhadda	54	38	92	5	10	5	..	1:9
		B. M. S. Chaksadda	150	70	220	9	4	..	5	1:55

APPENDIX—3.3—Contd.

(Reference: Paragraph 3.11.5.3 ; page 106)

Statement showing the position of staff provided in schools

S. No.	Name of the district	Name of the school	Primary	Middle	Total	Staff required as per norms	Staff provided	Excess	Shortage	Teacher/Pupil ratio
			(Number of students)							
6.	Udhampur	B. M. S. Chak Rakwala	141	84	225	11	7	..	4	1:32
		B. M. S. Malhar	121	128	249	11	8	..	3	1:31
		B. M. S. Kalta	91	60	151	8	5	..	3	1:30
		B. M. S. Badali Rakh	164	86	250	12	7	..	5	1:36
		B. M. S. Udhampur	129	264	393	15	12	..	3	1:33
		B. M. S. Rathian	191	89	280	12	9	..	3	1:31
		G. M. S. Udhampur	128	145	273	15	20	5	..	1:14
		G. M. S. Kharorian	141	57	198	9	6	..	3	1:33
		M. S. Upper Thanna	171	69	240	11	3	..	8	1:80
		M. S. Jakhani	82	67	149	7	10	3	..	1:15
		M. S. Karlibagha	141	63	204	10	5	..	5	1:41
		M. S. Kendran	112	102	214	9	6	..	3	1:35
		P. S. Kumkharari	74	..	74	3	1	..	2	1:74
		P. S. Saloon	67	..	67	3	1	..	2	1:67
		M. S. Charat	83	28	111	7	4	..	3	1:28
		M. S. Mada	91	39	130	8	4	..	4	1:32
		M. S. Jandrari	102	63	165	8	5	..	3	1:33
		G. P. S. Chgechori	45	..	45	2	4	2	..	1:11
		P. S. Surni	83	..	83	3	1	..	2	1:83
		P. S. Sullan	68	..	68	3	1	..	2	1:68
		M. S. Khoon	115	120	235	10	4	..	6	1:58
		M. S. Sundla	85	73	158	7	4	..	3	1:39

APPENDIX—3.3—Concl'd.

(Reference : Paragraph 3.11.5.3 ; page 106)

Statement showing the position of staff provided in schools

S. No.	Name of the district	Name of the school	Primary	Middle	Total	Staff required as per norms	Staff provided	Excess	Shortage	Teacher/Pupil ratio
(Number of students)										
6.	Udhampur	B. S. Pathwar	69	..	69	3	1	..	2	1:69
		M. S. Jansal	72	26	98	7	4	..	3	1:24
		M. S. Pinger	65	23	88	7	3	..	4	1:29
		P. S. Jagwal	69	..	69	3	1	..	2	1:69
		M. S. Suneter	137	64	201	10	6	..	4	1:33

APPENDIX

(Reference : Paragraph

Statement showing particulars of up to date paid-up capital, outstanding

S. No.	Name of the Company	Paid-up capital at the end of the current year			
		State Govern- ment 3(a)	Central Govern- ment 3(b)	Others 3(c)	Total 3(d)
1	2				
1.	Jammu and Kashmir Bank Limited	54.03	..	13.12	67.15
2.	Jammu and Kashmir Minerals Limited	800.00	..	..	800.00
3.	Jammu and Kashmir Industries Limited	1275.94	..	..	1275.94
4.	Jammu and Kashmir Projects Construction Corporation Limited	145.00	..	..	145.00
5.	Jammu and Kashmir State Industrial Development Corporation Limited	1320.00	..	..	1320.00
6.	Jammu and Kashmir Agro-Industries Development Corporation Limited	102.00	93.76	..	195.76
7.	Jammu and Kashmir Tourism Development Corporation Limited	235.15	..	..	235.15
8.	Jammu and Kashmir Handicrafts (Sales and Export) Corporation Limited	99.10	..	..	99.10
9.	Jammu and Kashmir Cements Limited	1499.00	..	..	1499.00
10.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	186.85	..	..	186.85
11.	Tawi Scooters Limited	80.40	..	..	80.40

—7.1

7.2.2 ; page 203)

loans, working results etc. of all Government Companies as on 31st March 1985

Position at the end of the year for which accounts were finalised

Loans out- standing at the close of current year	Amount of gua- rantee given	Amount of gua- rantee at the close of cur- rent year	Year for which accounts were finalised	Paid-up capital at the end of the year	Accumu- lated loss	Any ex- cess of loss over paid-up capital
4	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
(Rupees in lakhs)						
..	..	..	1984	67.15	..	..
151.95	56.47	56.47	1978-79	800.00	134.34	..
309.32	171.89	133.41	1976-77	773.94	471.93	..
30.00	..	..	1978-79	90.00	30.86	..
5.00	..	..	1983-84	500.00	..	..
99.92	..	..	1978-79	195.76	132.12	..
37.00	..	..	1978-79	194.57	3.39	..
..	..	..	1976-77	28.10	2.92	..
100.00	1788.75	1788.75	1982-83	1335.00	715.81	..
17.79	30.00	19.05	1980-81	111.85	..	..
36.77	..	..	1984-85	80.40	58.76	..

APPENDIX

(Reference : Paragraph

Statement showing particulars of up to date paid-up capital, outstanding

S. No.	Name of the Company	Paid-up capital at the end of the current year			
		State Govern- ment 3(a)	Central Govern- ment 3(b)	Others 3(c)	Total 3(d)
1	2				
12.	Himalayan Wool Combers Limited	116.00	..	..	116.00
13.	Jammu and Kashmir Horticul- ture Produce Marketing and Processing Corporation Limited	380.00	200.00	..	580.00
14.	Jammu and Kashmir State Handloom Development Corporation Limited	194.83	..	..	194.83
	Total	6488.30	293.76	13.12	6795.18

—7.1—*Concl'd.*

7.2.2 ; page 203)

loans, working results etc. of all Government Companies as on 31st March 1985

Position at the end of the year for which accounts were finalised

Loans out- standing at the close of current year	Amount of gua- rantee given	Amount of gua- rantee at the close of cur- rent year	Year for which ac- counts were finalised	Paid-up capital at the end of the year	Accumu- lated loss	Any ex- cess of loss over paid-up capital
4	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
<i>(Rupees in lakhs)</i>						
245.90	158.00	156.30	1984-85	116.00	187.92	71.92
429.55	1715.96	1093.40	1980-81	277.00	26.60	..
41.25	..	..	Accounts not finalised since inception 29th June 1981.			
1504.45	3921.07	3247.38				

APPENDIX—7.2

(Reference : Paragraph 7.2.3(1) ; page 204)

Summarised financial results of Government Companies for the latest year for which accounts were finalised by 30th November 1986

S. No.	Name of the Company	Name of the Department	Date of incorporation	Period of Accounts	Year in which finalised	Total Capital invested at the end of the year of accounts (a)	Profit (+)/ Loss (—)
1	2	3	4	5	6	7	8
(Rupees in lakhs)							
1.	Jammu and Kashmir Bank Limited	Finance	1st October 1938	1984	1985-86	..	(+) 42.39
2.	Jammu and Kashmir Minerals Limited	Industries and Commerce	February 1960	1978-79	1986-87	(a) 816.10	(—) 17.60
3.	Jammu and Kashmir Industries Limited	Industries and Commerce	4th October 1963	1976-77	1983-84	(a) 1219.76	(—) 7.55
4.	Jammu and Kashmir Projects Construction Corporation Limited	Public Works	22nd May 1965	1978-79	1984-85	(a) 205.85	(+) 16.90
5.	Jammu and Kashmir State Industrial Development Corporation Limited	Industries and Commerce	17th March 1969	1983-84	1985-86	(a) 1542.60	(+) 2.23

APPENDIX—7.2—Contd.

(Reference : Paragraph 7.2.3(1) ; page 204)

Summarised financial results of Government Companies for the latest year for which accounts were finalised by 30th November 1986

S. No.	Name of the Company	Total interest charged to the profit and loss account	Interest on long-term loans	Total return on capital invested (8+10)	Capital employed (b)	Total return on capital employed (8+9)	Percentage of total return on capital invested	Percentage of total return on capital employed
1	2	9	10	11	12	13	14	15
(Rupees in lakhs)								
1.	Jammu and Kashmir Bank Limited	1933.85	..	..	(c) 16965.13	1976.24	..	11.6
2.	Jammu and Kashmir Minerals Limited	1.13	1.13	(—) 16.47	(b) 712.07	(—) 16.47	(—) 2.0	(—) 2.3
3.	Jammu and Kashmir Industries Limited	63.86	63.86	56.31	(b) 658.30	56.31	4.6	8.5
4.	Jammu and Kashmir Projects Construction Corporation Limited	1.65	1.65	18.55	(b) 175.00	18.55	9.0	10.6
5.	Jammu and Kashmir State Industrial Development Corporation Limited	10.28	10.28	12.51	(b) 1354.51	12.51	0.8	0.9

(c) Represents mean capital *i.e.*, mean aggregates of the opening and closing balances of (i) paid-up capital, (ii) borrowings including fixed deposits, and (iii) reserves (other than specifically funded).

APPENDIX—7.2—Contd.

(Reference : Paragraph 7.2.3(1) ; page 204)

Summarised financial results of Government Companies for the latest year for which accounts were finalised by 30th November 1986

S. No.	Name of the Company	Name of the Department	Date of incorporation	Period of Accounts	Year in which finalised	Total Capital invested at the end of the year of accounts (a)	Profit (+)/ Loss (—)
1	2	3	4	5	6	7	8
							(Rupees in lakhs)
6.	Jammu and Kashmir State Agro-Industries Development Corporation Limited	Agriculture Production	30th January 1970	1978-79	1986-87	(a) 209.76	(—) 14.64
7.	Jammu and Kashmir Tourism Development Corporation Limited	Tourism	13th February 1970	1978-79	1986-87	(a) 196.15	(+) 3.13
8.	Jammu and Kashmir Handicrafts (Sales and Export) Corporation Limited	Industries and Commerce	6th June 1970	1976-77	1981-82	(a) 28.10	(+) 0.68
9.	Jammu and Kashmir Cements Limited	Industries and Commerce	24th December 1974	1982-83	1986-87	(a) 3809.33	(—) 317.49
10.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	Industries and Commerce	28th November 1975	1980-81	1986-87	(a) 226.26	(+) 36.34

APPENDIX—7.2—Contd.

(Reference : Paragraph 7.2.3(1) ; page 204)

**Summarised financial results of Government Companies for the latest year for which accounts were finalised by
30th November 1986**

S. No.	Name of the Company	Total interest charged to the profit and loss account	Interest on long- term loans	Total return on capital invested (8+10)	Capital employed (b)	Total return on capital employed (8+9)	Percentage of total return on capital invested	Percentage of total return on capital employed
1	2	9	10	11	12	13	14	15
<i>(Rupees in lakhs)</i>								
6.	Jammu and Kashmir State Agro-Industries Development Corporation Limited	0.79	..	(—) 14.64	(b) 78.98	(—) 13.85	(—) 6.9	(—) 17.5
7.	Jammu and Kashmir Tourism Development Corporation Limited	8.95	..	3.13	(b) 297.08	12.08	1.6	4.0
8.	Jammu and Kashmir Handicrafts (Sales and Export) Corporation Limited	..	..	0.68	(b) 25.18	0.68	2.4	2.7
9.	Jammu and Kashmir Cements Limited	232.45	228.99	(—) 88.50	(b) 3093.74	(—) 85.04	(—) 2.3	(—) 2.7
10.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	17.17	1.62	37.96	(b) 386.26	53.51	16.7	13.8

APPENDIX—7.2—Contd.

(Reference : Paragraph 7.2..3(1) ; page 204)

Summarised financial results of Government Companies for the latest year for which accounts were finalised by
30th November 1986

S. No.	Name of the Company	Name of the Department	Date of in- corporation	Period of Accounts	Year in which finalised	Total capi- tal invest- ed at the end of the year of accounts (a)	Profit(+)/ Loss (—)
1	2	3	4	5	6	7	8
							(Rupees in lakhs)
11.	Tawi Scooters Limited	Industries and Commerce	15th Decem- ber 1976	1984-85	1985-86	(a) 137.76	(—) 16.70
12.	Himalayan Wool Combers Limited	Industries and Commerce	24th January 1978	1984-85	1986-87	(a) 385.40	(—) 33.97
13.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	Agriculture Production	10th April 1978	1980-81	1984-85	(a) 277.00	(—) 14.68
14.	Jammu and Kashmir State Handloom Development Corporation Limited	Industries and Commerce	29th June 1981	(d) ..	..	..	:

(a) Capital invested represents paid-up capital plus long-term loans plus free reserves.

(d) The company has not finalised its accounts since inception.

(Reference : Paragraph 7.2.3(1) ; page 204)

**Summarised financial results of Government Companies for the latest year for which accounts were finalised by
30th November 1986**

S. No.	Name of the Company	Total interest charged to the profit and loss account	Interest on long— term loans	Total return on capital invested (8+10)	Capital employed (b)	Total return on capital employed (8+9)	Percentage of total return on capital invested	Percentage of total return on capital employed
1	2	9	10	11	12	13	14	15
(Rupees in lakhs)								
11.	Tawi Scooters Limited	2.21	2.21	(—) 14.49	(b) 78.22	(—) 14.49	(—) 10.5	(—) 18.5
12.	Himalayan Wool Combers Limited	14.85	14.85	(—) 19.12	(b) 210.97	(—) 19.12	(—) 4.9	(—) 9.0
13.	Jammu and Kashmir Horticulture Produce Marketing and Processing Corporation Limited	..	..	(—) 14.68	(b) 204.19	(—) 14.68	(—) 5.2	(—) 7.1
14.	Jammu and Kashmir State Handloom Development Corporation Limited	..	..	..	..	..	..	..

(b) Capital employed represents net fixed assets (excluding capital works—in--progress) plus working capital.

APPENDIX—7.3

(Reference : Paragraph 7.3.3 ; page 206)

Statement showing summarised financial results of Statutory Corporation

Name of the Corporation	Name of the Administrative Department	Date of incorporation	Period of accounts	Profit (+)/ Loss(—)	Total interest charged to profit and loss account	Interest on long-term loans	Capital employed	Total return on capital employed	Percentage of total return on capital employed
<i>(Rupees in lakhs)</i>									
Jammu and Kashmir State Financial Corporation	Finance Department	2nd December 1959	1984-85	(+) 3.69	178.44	178.44	3927.33	182.13	5

Note : Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital plus bonds and debentures, reserves (other than those funded specifically and backed by investment outside) and borrowings.

APPENDIX—7.4

(Reference : Paragraph 7.7.1(1) ; page 212)

Statement showing details of commercial operations of Company from the dates the hotels, cafeterias, tourist bungalows etc. were transferred by the Government

S. No.	Name of the unit	No. of Rooms	No. of Beds	Date of transfer	Provisional value	Remarks
						(Rupees in lakhs)
1.	Budshah Hotel, Srinagar	62	112	April 1970	10.12	
2.	Lala Rukh Hotel, Srinagar	46	92	April 1970	8.97	
3.	Charchinari Cafeteria, Srinagar	..	..	April 1970	4.00	Transferred to Government in November 1981
4.	Harwan Cafeteria, Nehru Park and outer cafeteria	..	..	1971-72	3.96	Boating capacity not determined so far. Harwan cafeteria transferred to Government in March 1982
5.	Tourist Reception Centre, Jammu new block and second additional block	82 } 46 }	256	April 1970 1972-73 & 1973-74	26.75 14.40	
6.	Tourist Reception Centre, Srinagar	79	156	April 1970	17.44	At present there are only 78 rooms as on 31st March 1986
	Toilet block	..	..	1978-79	2.32	

APPENDIX—7.4—*Concl'd.*

(Reference : Paragraph 7.7.1 (1); page 212)

Statement showing details of commercial operations of Company from the dates the hotels, cafeterias, tourist bungalows etc. were transferred by the Government

S. No.	Name of the unit	No. of Rooms	No. of Beds	Date of transfer	Provisional value	Remarks
					(Rupees in lakhs)	
7.	Gulmarg and Tangmarg Tourist Bungalows	19	38	1975-76	6.09	Tangmarg Tourist Bungalow leased to Notified Area Committee, Tangmarg, for 10 years in November 1981
8.	Cheshmashahi Huts	25	107	April 1970	8.14	
9.	Hussaini and Naqashband Villas, Srinagar	N.A.	N.A.	1976-77	2.99	Leased to Hotel Management Technology and Nutrition, Srinagar in August 1980 (Hussaini) and February 1983 (Naqashband)

APPENDIX—7.5

(Reference : Paragraph 7.7.1 (3) ; page 213)

Statement showing the financial position of the Jammu and Kashmir Tourism Development Corporation Limited indicating the assets and liabilities based on the provisional accounts for the five years up to 1984-85

Particulars	1980-81	1981-82	1982-83	1983-84	1984-85
<i>(Rupees in lakhs)</i>					
Liabilities					
(a) Paid-up Capital	196.15	196.15	196.15	206.15	235.15
(b) Reserves and surplus (Profit)	12.39	15.76	20.54	17.50	25.00
(c) Borrowings	..	..	27.00	35.00	37.00
(d) Trade dues	7.32	7.42	7.54	17.59	19.68
(e) Other current liabilities	96.38	113.82	118.42	100.75	101.15
Total :	312.24	333.15	369.65	376.99	417.98
Assets					
(f) Gross block	250.24	255.89	257.69	263.60	277.17
(g) Less depreciation	64.34	77.57	90.09	102.57	115.28
(h) Net fixed assets	185.90	178.32	167.60	161.03	161.89
(i) Capital works-in-progress	..	..	..	113.03	146.73
Current assets, loans and advances					
(i) Cash	0.53	(—)0.01	0.14	0.17	0.61
(ii) Bank	84.23	64.21	53.46	28.39	(—)0.16
(iii) Sundry debtors	19.71	25.77	49.00	39.14	41.01
(iv) Loans and advances	15.91	58.14	92.59	15.30	14.95
(v) Stocks	5.88	6.08	6.54	7.51	7.40
Intangible assets					
(i) Miscellaneous Expenditure	0.08	0.64	0.32	4.74	3.50
(ii) Accumulated loss	..	..	..	7.68	42.05
Total :	312.24	333.15	369.65	376.99	417.98
Capital employed	208.46	211.27	243.37	133.20	104.87
Net worth	208.46	211.27	216.37	211.23	214.60
(Based on Provisional Accounts)					

Notes :

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

- (ii) Net worth represents paid-up capital plus reserves less intangible assets.
- (iii) Paid-up capital includes share suspense of Rs. 1.57 lakhs.
- (iv) Balance of the profit and loss accounts on the liabilities side of the balance sheet has been regrouped under reserves and surplus.
- (v) Cash at Bank includes amount in Fixed Deposit Receipts, interest accrued thereon, cash in transit and cash at Bank
- (vi) As the Company has not shown the progress block/total depreciation charged in the schedules of fixed assets after 1978-79, the gross block/total depreciation charged for the year 1979-80 onwards has been worked out by the backward method given below after taking the position of gross block/total depreciation shown in the schedules of 1978-79 (the year up to which the accounts of the Company have been certified), as base :—

1980-81 1981-82 1982-83 1983-84 1984-85

(A) Total depreciation charged	(Rupees in lakhs)				
(i) Opening balance of total depreciation	54.56	64.34	77.57	90.09	102.57
(ii) Add depreciation charged during the year	9.78	13.23	12.52	12.48	12.71
(iii) Total depreciation	64.34	77.57	90.09	102.57	115.28
(B) Gross block					
(i) Net fixed assets as per balance sheet	185.90	178.32	167.60	161.03	161.89
(ii) Add total depreciation as worked out at (A) above	64.34	77.57	90.09	102.57	115.28
(iii) Gross block	250.24	255.89	257.69	263.60	277.17

APPENDIX—7.6

**Statement showing the unit-wise working results of the Jammu and
Kashmir Tourism Development Corporation Limited**

APPENDIX

(Reference : Paragraph

Unit-wise break-up and working results of Jammu and Kashmir

S. No.	Name of Unit	1980 81			1981-82		
		In-come	Ex-pendi-ture	Profit(+)/ Loss (—)	In-come	Ex-pendi-ture	Profit(+)/ Loss (—)
1.	Budshah Hotel	7.53	3.97	(+)3.56	6.69	5.67	(+) 1.02
2.	Lala Rukh Hotel	3.48	3.08	(+)0.40	3.69	5.46	(—) 1.77
3.	Cheshmashahi huts	4.45	5.22	(—)0.77	4.39	4.21	(+) 0.18
4.	Tourist Reception Centre, Srinagar	26.04	15.89	(+)10.15	21.10	19.97	(+) 1.13
5.	Tourist Reception Centre, Jammu	20.73	23.97	(—)3.24	25.05	19.01	(+) 6.04
6.	Nehru Park Restaurant	0.47	0.53	(—)0.06	0.32	0.56	(—) 0.24
7.	Lake View Restaurant	0.10	0.18	(—)0.08	0.02	0.29	(—)0.27
8.	Tourist Bungalow Gulmarg (New)	1.41	8.37	(—)6.96	2.71	4.21	(—) 1.50
9.	Tourist Bungalow Gulmarg (Old)	1.31	2.08	(—)0.77	1.37	2.59	(—) 1.22
Total :		65.52	63.29	(+) 2.23	65.34	61.97	(+) 3.37

Note: The proportionate amounts of head office expenses/receipts

—7.6

7.7.2(1) ; page 215)

Tourist Development Corporation Limited

1982-83			1983-84			1984-85		
In- come	Ex- pendi- ture	Profit(+)/ Loss(—)	In- come	Ex- pendi- ture	Profit(+)/ Loss(—)	In- come	Ex- pendi- ture	Profit(+)/ Loss(—)
5.84	4.53	(+) 1.31	9.18	9.06	(+)0.12	5.49	10.25	(—)4.76
3.75	3.15	(+) 0.60	3.00	5.12	(—)2.12	0.07	4.79	(—)4.72
5.17	5.22	(—) 0.05	6.91	10.44	(—)3.53	4.72	11.76	(—)7.04
14.72	15.84	(—) 1.12	21.61	28.02	(—)6.41	15.12	22.04	(—)6.92
26.65	17.98	(+) 8.67	19.71	23.79	(—)4.08	15.50	24.92	(—)9.42
0.17	0.56	(—) 0.39	1.03	2.12	(—)1.09	0.59	1.89	(—)1.30
0.03	0.26	(—) 0.23	0.17	0.49	(—)0.32	0.12	0.57	(—)0.45
1.43	4.14	(—) 2.71	2.74	8.48	(—)5.74	2.42	6.30	(—)3.88
0.92	2.23	(—) 1.31	0.41	0.29	(+)0.12	..	..	..
58.68	53.91	(+) 4.77	64.76	87.81	(—)23.05	44.03	82.52	(—) 38.49

are included in the above figures.

APPENDIX—7.7

(Reference : Paragraph 7.7.2(2)b ; page 216)

Average occupancy in various units of Jammu and Kashmir Tourism Development Corporation Limited

S. No.	Name of the units	Availability of accom- modation	1980 -81	1981 -82	1982 -83	1983 -84	1984 -85
		Rooms	Percentage				
		Beds					
		(Numbers)					
1.	Budshah Hotel, Srinagar	62 112	49.1	42.8	27.5	42.8	29.3
2.	Lala Rukh Hotel, Srinagar*	46 92	39.0	28.7	26.1	25.8	(*)
3.	Tourist Bungalow (New) Gulmarg	24 48	9.6	12.9	8.8	15.0	11.8
4.	Tourist Bungalow (Old) Gulmarg**	13 26	31.3	25.7	16.8	..	(**)
5.	Tourist Village Cheshmashahi and Parimahai	55 107	17.0	10.5	7.3	8.6	6.8
6.	Tourist Reception Centre, Srinagar	78 156	73.2	64.3	53.1	59.2	45.0
7.	Tourist Reception Centre, Jammu	128 256	75.0	62.6	73.16	52.5	48.0

(*) Closed in 1984-85 for renovation and opened on 7th May 1985.

(**) Sold out to Notified Area Committee, Tangmarg in July 1983.

APPENDIX—8.1

(Reference : Paragraph 8.1 (b) ; page 237)

Wanting utilisation certificates

Department	Year of payment	Certificates awaited	
		Number	Amount
		<i>(Rupees in lakhs)</i>	
Education	1982-83	108	6,63.10
	1983-84	57	7,44.55
Industries	1982-83	4	24.89
	1983-84	2	7.68
Community Development and National Extension Service	1982-83	26	2,56.37
	1983-84	1	57.68*
Health	1982-83	8	6.81
	1983-84	7	7.78*
Social Welfare	1982-83	35	12.94
Housing and Urban Development	1982-83	20	1,64.42
	1983-84	50	1,82.68
Total		318	21,28.90

*Figures under reconciliation.

APPENDIX—8.2

(Reference : Paragraph 8.1 (c) ; page 238)

Bodies/authorities which did not furnish annual accounts for 1984-85 and earlier years

S.No.	Name of the body/authority	Years for which accounts were not furnished
1.	Jammu Municipality	1972-73 to 1984-85
2.	Development Authority, Jammu	1972-73 to 1984-85
3.	Development Authority, Srinagar	1981-82 to 1984-85
4.	Board of School Education, Srinagar	1977-78 to 1984-85
5.	District Rural Development Agency, Poonch	1981-82 to 1984-85
6.	District Rural Development Agency, Kathua	1981-82 to 1984-85
7.	District Rural Development Agency, Jammu	1983-84 to 1984-85
8.	District Rural Development Agency, Udhampur	1983-84 to 1984-85
9.	District Rural Development Agency, Doda	1983-84 to 1984-85
10.	Housing Board, Jammu	1980-81 to 1984-85
11.	Kashmir University	1983-84 to 1984-85
12.	State Social Welfare Advisory Board	1983-84 to 1984-85
13.	Jammu and Kashmir Academy of Art, Culture and Languages	1983-84 to 1984-85
14.	Jammu University	1983-84 to 1984-85

ERRATA

Report of the Comptroller and Auditor General of India for
the year 1984-85- Government of Jammu and Kashmir

S.no.	Page no.	Reference	For	Read
1.	45	Para 3.7.5 ; Heading	Trainings	Training
2.	47	2nd line from top	propogation	propagation
3.	55	8th line from top	Constructions work	Construction works
4.	64	Para 3.8.11 ; 8th line of the para	exxchanges	exchanges
5.	76	Para 3.10.4(b); 2nd line of the para	demographic	demograph ^{ic}
6.	197	Para 6.2 ; 3rd line from top	Advelorem	Advalorem
7.	198	Para 6.3(b); 2nd line of the para	1982	1962
8.	201	Para 6.8 ; 7th line of the para	deparmtent	department
9.	206	Para 7.2.3(2); 2nd line	Rs. 12 lakhs	Rs. 9.12 lakhs
10.	208	Para 7.5.2 ; 3rd line	Rs. 0.21 crore	Rs. 0.21 crore)
11.	208	Para 7.5.4 ; 2nd item of table	Reserve snd	Reserve and
12.	211	Para 7.5.7(b); 1st line	1st March 1975	1st March 1985
13.	218	Para 7.7.2(4); item 2(a) of table against 1982-83	1.28	0.28
14.	220	Para 7.7.3(1)(a); 2nd line of 2nd sub para	Work construction	Work of construction
15.	234	Para 7.9.3(1); 1st line of 2nd sub para	facilitated by to	facilitated due to
16.	264	Appendix 7.3 ; column 6 8th line	los	loss
17.	268	13th line from top	poition	position

