



REPORT
OF
THE COMPTROLLER
AND
AUDITOR GENERAL OF INDIA
FOR THE YEAR ENDED 31 MARCH 1994

NO. 3

(CIVIL)

GOVERNMENT OF HIMACHAL PRADESH

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PREFATORY REMARKS

This Report No. 3 for the year ended 31 March 1994 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 the year 1993-94 together with other points arising from audit of financial transactions of the Government of Himachal Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1993-94.

2. The Report containing the observations of Audit on Statutory Corporations, Boards and Government Companies and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1993-94 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 1993-94 have also been included, wherever considered necessary.

OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the Government of Himachal Pradesh for the year 1993-94, and four other chapters, comprising 4 reviews and 55 paragraphs, based on the audit of certain selected programmes and activities and of the financial transactions of Government. A synopsis of the important findings contained in the Report is presented in this Overview.

1. Accounts of the State Government

** While revenue receipts increased by 110 per cent during 1988-94, the growth of revenue expenditure was 76 per cent only during the same period. The accounts for the year 1993-94 closed with a revenue surplus of Rs. 113.63 crores as against the revenue deficit of Rs. 93.08 crores during the previous year, mainly due to an increase in grants-in-aid to the extent of Rs. 311.47 crores.

** While the revenue expenditure (both Plan and Non-Plan) had increased by 18 per cent over the level of 1992-93, the capital expenditure had gone up by only 7 per cent.

** The revenue receipts of the State Government increased from Rs. 698.38 crores in 1988-89 to Rs. 1465.13 crores in 1993-94 by 110 per cent. Tax revenue (Rs. 255.74 crores) and non-tax revenue (Rs. 120.61 crores) raised by the State Government during 1993-94 constituted 17.46 per cent and 8.23 per cent respectively of the total revenue receipts. During 1988-94, receipts from tax revenue increased progressively from Rs. 118.10 crores to Rs. 255.74 crores. The growth of tax revenue during 1993-94 was 15 per cent.

** Non-tax revenue had registered an increase of 81 per cent during 1993-94 (Rs. 120.61 crores) in relation to 1992-93 (Rs. 66.78 crores).

** The State could raise only 25.69 per cent (tax revenue: 17.46 per cent and non-tax revenue: 8.23 per cent) of the total revenue receipts during 1993-94 and remained heavily dependent on grants-in-aid from the Central Government and its share of Union taxes and duties which constituted 54.55 per cent and 19.76 per cent respectively of the total revenue. The State's share of Union taxes and duties increased progressively from Rs. 176.38

crores in 1988-89 to Rs. 289.52 crores in 1993-94. Grants-in-aid from the Central Government increased by 138 per cent during this period from Rs. 336.50 crores to Rs. 799.26 crores.

** The internal debt of the State has gone up by 241 per cent from Rs. 87.39 crores at the end of 1988-89 to Rs. 298.01 crores at the end of 1993-94. Inclusive of the increase of Rs. 514.47 crores (100 per cent) in Loans and Advances from the Central Government, and of Rs. 390.26 crores (179 per cent) in other liabilities, the total liabilities of the State Government (Rs. 1935.58 crores) had increased by 136 per cent in relation to 1988-89 (Rs. 820.23 crores).

** The debt burden had resulted in an increase in the interest liability of the State Government as well, which burgeoned by 204 per cent from Rs. 69.01 crores in 1988-89 to Rs. 209.65 crores in 1993-94. The outflow of funds on this account progressively increased from 9 per cent in 1988-89 to 16 per cent in 1993-94 of the revenue expenditure. During 1993-94, the repayment of Central Government loans and advances and payment of interest thereon, exceeded the fresh loans and advances received by Rs. 29.16 crores, thereby causing net negative inflow.

** Rupees 16.87 crores and Rs. 51.48 crores were outstanding as Ways and Means Advances and Overdrafts respectively at the end of the year.

** Government's investments in various Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives increased from Rs. 141.02 crores at the end of 1988-89 to Rs. 295.78 crores at the end of 1993-94. A meagre amount of Rs. 0.34 crore only was, however, received as dividend during 1993-94. The return on investments was substantially lower than the interest payable by Government on its borrowings.

** Guarantees given by Government for repayment of loans raised by various public enterprises, local bodies, etc., increased from Rs. 442.98 crores as on 31 March 1989 to Rs. 819.71 crores as on 31 March 1994. Outstandings increased by 54 per cent from Rs. 313.28 crores to Rs. 483.25 crores over the same period of five years.

** The outstanding amount of loans and advances disbursed by the State Government stood at Rs. 598.01 crores as on 31 March 1994 compared to Rs. 416.08 crores as at the end of 1988-89. The net loans and advances disbursed by the State Government during the six-year period from 1988-89 to 1993-94 ranged between 15 and 55 per cent of the net receipts from long-term borrowings.

** Based on such information as was furnished by some of the departments, a sum of Rs. 2.61 crores, inclusive of interest of Rs. 1.41 crores, was overdue for recovery as of 31 March 1994 against loans and advances, the detailed accounts of which are maintained by the departmental officers themselves.

(Paragraphs 1.1 to 1.15)

2. Appropriation audit and control over expenditure

** During 1993-94, savings in 53 cases aggregated Rs. 128.12 crores. Expenditure of the State Government, however, exceeded the budget provisions in 16 cases by Rs. 847.47 crores. The excess expenditure requires regularisation under Article 205 of the Constitution of India.

** The supplementary provision of Rs. 180.04 crores obtained during the year 1993-94 constituted 10 per cent of the original budget provision of Rs. 1831.07 crores. Supplementary provisions totalling Rs. 7.95 crores obtained in 9 cases during the year proved unnecessary as the expenditure in these cases was less than even the original budget provision.

** Savings of Rs. 50 lakhs and more in each case aggregating Rs. 124.98 crores (21 cases) occurred in 17 grants and one appropriation.

** Persistent savings/excesses, ranging from 5 to as high as 2,884 per cent, occurred in 9 grants and 1 appropriation (11 cases) during the three-year period from 1991-92 to 1993-94.

** Savings aggregating Rs. 20.42 crores in 16 grants and 10 appropriations were not surrendered by the concerned departments. On the other hand, as against the savings of Rs. 26.60 crores only available for surrender in 19 cases, an amount of Rs. 46.33 crores was actually surrendered. In 8 grants, Rs. 2.40 crores were surrendered although the expenditure exceeded the grant and no savings were available. These instances were indicative of inadequate budgetary control.

(Paragraphs 2.1 and 2.2)

3. Jawahar Rozgar Yojna

Jawahar Rozgar Yojna was introduced in the State in April 1989 to tackle hard core of rural poverty by generating additional gainful employment for the unemployed and the underemployed. The main objective of the programme was overall improvement in the quality of life in rural areas. Expenditure of Rs. 58.49 crores was incurred on the programme during 1989-94.

The Important points noticed in the course of an audit review of implementation of the scheme in 27 blocks of six districts are summarised below:

- ** Survey to identify the target groups, as required under the programme was not conducted till 1991-92. Likewise, shelf of projects and annual action plan which were required to be prepared before the start of every financial year, had not been prepared in time.
- ** Interest of Rs. 9.08 lakhs that accrued on deposits of JRY funds had not been remitted to the Project Officers for recycling by 18 BDOs, as envisaged under the programme.
- ** As per the reported figures of employment generation, the targets were exceeded. But these figures are misleading, being based on the assumed 50/60 per cent wage component of works as per project norms divided by the minimum wage rate. Audit check in 3 blocks of Solan district, showed actual employment generated as 77,961 against 1,26,438 mandays reported. The reported figures were thus grossly inflated. Generally the material component of the works executed varied between 69 and 78 per cent against the normative 50/40 per cent.
- ** Against the allotment of 11,200 tonnes of foodgrains by the Government of India, only 4,820 tonnes foodgrains were lifted by the State Government, of which 3,506 tonnes were utilised for distribution to the workers.
- ** Details of utilisation of high density polythene pipes costing Rs. 5.19 lakhs issued to various Panchayats were not available with the Block Development Officers.
- ** A sum of Rs. 6.95 lakhs spent on execution of works in urban areas was irregularly charged to this programme which provided for works in rural areas alone.

(Paragraph 3.1)

4. Endemic Area Control Scheme (apple scab)

The 'Endemic Area Control Scheme (apple scab)' for controlling apple scab' was introduced in the State during 1977. The main objective was to keep the disease under economic threshold by adopting timely control measures like preparation of spray schedules, provision of anti-scab fungicides, etc. Rupees 5.29 crores were spent on the scheme during 1989-94.

Test-check of the records relating to implementation of the scheme revealed, inter-alia, the following:

- ** Compared to the targets, there was a substantial shortfall in the area covered by spraying of fungicides for the control of apple scab during 3 of the five years 1989-90 to 1993-94. The shortfall ranged from 34 to 44 per cent.
- ** There was no effective co-ordination by the Senior Plant Protection Officer in the supply of fungicides to the field units resulting in accumulation of fungicides with certain units, the shelf-life of which expired before use.
- ** Subsidised Fungicides worth Rs. 36.09 lakhs were sold without verifying the title of the beneficiaries.
- ** Scabicide, a particular type of fungicide, was not approved for use but was procured by the State Agro-Industries Corporation at the cost of Rs. 54.50 lakhs. On this, the Corporation was also paid subsidy of Rs. 27.25 lakhs. Further 1,944 kgs of this fungicide were sold to the orchardists.
- ** Shortage of fungicides valued at Rs. 15.34 lakhs had neither been reconciled nor recovered.
- ** The scheme was launched 17 years back. No evaluation had been done to know the overall impact of the scheme.

(Paragraph 3.3)

5. Working of machinery and workshops

A review of the working of machinery and workshops of the Public Works Department for the period from 1989-90 to 1993-94 based on test-check of the records of 5 Mechanical and 19 Civil Divisions disclosed the following:

- ** No norms for the establishment expenditure as a percentage of works expenditure have been laid down by the Department. The mechanical circle and 5 mechanical divisions incurred an expenditure of Rs. 581.82 lakhs on pay and allowances of establishment over the period 1989-90 to 1993-94. This came to 33 per cent of the value of jobs done.
- ** Seven machines purchased could not be put to the intended use and the investment of Rs. 16.50 lakhs on them proved wasteful.
- ** The purchase of 8 bulldozers at the cost of Rs. 45.68 lakhs in March 1979 without the approval of Government had not been got regularised even after a lapse of 15 years.
- ** Hire charges of machinery amounting to Rs. 30 lakhs had either not been recovered or recovered short from contractors.
- ** There was severe underutilisation of machinery. The percentage of

underutilisation ranged between 13 and 99.

** Spare parts costing Rs. 283.80 lakhs had been purchased by 5 mechanical divisions from the local market and jobs valued at Rs. 125.71 lakhs were got executed by 7 divisions from private agencies in contravention of the instructions of the Engineer-in-Chief.

** Accumulated losses in the running of workshops/machinery amounted to Rs. 776.07 lakhs at the close of 1993-94.

(Paragraph 5.1)

6. **Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni (Solani)**

Test-check of the records of the University during November 1993 to February 1994 revealed the following points:

** Balance sheet had not been prepared ever since its inception in December 1985.

** Under the scheme 'training on home scale preservation of fruits and vegetables' 36,000 persons were to be trained in 1,200 camps of five days duration. The University could however train 22,272 persons only in 464 camps, that too of 1 to 2 days duration. The shortfall in number of camps held was 61 per cent and in respect of persons trained 38 per cent.

** Out of Rs. 28.74 lakhs provided by the Ford Foundation between 1989-90 and 1992-93 for utilisation on charitable, scientific, literary and educational purposes, Rs. 14.83 lakhs were spent on purchase of machinery and equipment not provided in the scheme.

** Machinery and equipment worth Rs. 42.59 lakhs were lying idle as of February 1994 due to reasons such as delay in repairs, etc.

(Paragraph 6.2.2)

7. **Financial management in District Collectorates**

** In contravention of the financial rules, funds meant for implementation of various schemes and programmes were drawn from the Government account by Drawing and Disbursing Officers working under all DCs (except DCs Lahaul and Spiti and Kinnaur) well ahead of requirements and kept in bank accounts. The cash balance in these accounts ranged between Rs. 3.57 crores and Rs. 13.26 crores during 1992-93 and 1993-94. Incidentally during the same period, the minimum cash balance of State with the Reserve Bank of India could not be maintained and the State Government had to take

recourse to overdraft for 232 days and 218 days with consequential payment of interest amounting to Rs. 1.55 crores and Rs. 2.96 crores during 1992-93 and 1993-94 respectively.

- ** Non-accountal and possible misappropriation of cash amounting to Rs. 23.50 lakhs were noticed in the offices of the Deputy Commissioners, Chamba and Shimla, due to non-observance of the prescribed rules/procedure.

(Paragraph 3.4)

8. Underutilisation of equipment

- ** Two sophisticated machines imported in January 1990 at the cost of Rs. 13.91 lakhs for the Composite Testing Laboratory, Kandaghat for analysing samples of medical drugs, food articles, liquor, etc., were not being used due to shortage of staff and non-availability of reference standards.

(Paragraph 3.5)

9. Idle investment on building

- ** Half of the second floor and the entire third floor of Block 'C' of Zonal Hospital, Dharamsala completed by Public Works Department in March 1992 at the cost of Rs. 62.99 lakhs were not being utilised, as additional beds could not be added in the Zonal Hospital due to non-sanctioning of staff requisitioned by the Chief Medical Officer, Dharamsala and shortage of equipment.

(Paragraph 3.6)

10. Idle investment

- ** Forty six plots and 9 sheds developed by the Industries Department in Industrial Area, Tahliwala (Una district) at the total cost of Rs. 27.61 lakhs during 1987-89 were lying vacant for want of demand.

- ** Further, 14 industrial plots developed at the cost of Rs. 39.85 lakhs in Sansarpur Terrace in Kangra district could not be allotted owing to a high tension electric wire passing over these plots.

(Paragraph 3.9)

11. Irregular payment of subsidy

- ** Subsidy amounting to Rs. 6.39 lakhs was irregularly paid on the supply of maize shellers to farmers. The subsidy was admissible in respect of power

drawn multicrop threshers only as per guidelines of the Government of India.

(Paragraph 3.18)

12. Blocking of funds

** Out of Rs. 220 lakhs provided during 1991-92 and 1992-93 to Director of Land Records under a Centrally sponsored scheme for strengthening of revenue administration and updating of land records in the State, Rs. 49.55 lakhs were lying unutilised in the banks.

** Revenue Training Institute for which Rs. 50 lakhs were provided has not been established. Even the site for its construction has not been selected as of July 1994.

** Rupees 28 lakhs were provided for the purchase of four Theodolite machines to the Settlement Officers, Shimla and Kangra. However, the machines have not been bought for want of trained staff to operate the same.

(Paragraph 3.20)

13. Unfruitful expenditure on civil works and irrigation schemes

** Expenditure of Rs. 26.19 lakhs incurred on the construction and maintenance of 4 irrigation schemes by the Irrigation and Public Health Department had remained unfruitful because of lesser discharge of water at source and failure to establish suitability of lift irrigation scheme.

(Paragraph 4.1)

** Expenditure of Rs. 89.02 lakhs incurred by the Public Works Department on the construction of 3 roads, 3 bridges, 2 stadia and one building had not yielded the intended benefits because the works had either not been completed or could not be put to the intended use because of non-construction of connecting bridges/roads, dispute over the title of land, paucity of funds and lack of inter departmental co-ordination.

(Paragraphs 4.8, 4.10 and 4.11)

14. Underutilisation of irrigation potential

** Expenditure of Rs. 232.35 lakhs incurred on the construction and maintenance of 15 irrigation schemes completed by 12 divisions between 1980-81 and 1990-91 remained largely unfruitful because of underutilisation of the irrigation potential to the extent of 93 to 98 per cent.

(Paragraph 4.4)

15. Avoidable loss

- ** Delay in repair of the damages caused to a bridge by heavy rains resulted in avoidable loss of Rs. 15 lakhs and wasteful expenditure of Rs. 11.20 lakhs already incurred on protection works.

(Paragraph 4.15)

16. Incomplete works

- ** Forty road works, 1 bridge, 6 buildings and 1 sports stadium were lying incomplete after incurring of an expenditure of Rs. 189.72 lakhs. The works were held up because of involvement of forest land, non-acquisition of private land, non-construction of bridges on the alignment of the roads, paucity of funds and abandonment of work by the contractor. The delay in individual cases ranged between 12 and 216 months.

(Paragraph 4.19)

17. Shortages of material

- ** Material costing Rs. 7.22 lakhs had either not been handed over or was handed over short by 5 Junior Engineers to their successors at the time of their transfer.

(Paragraphs 5.3 and 5.6)

18. Unutilised machinery

- ** Two pump sets and eight multi-flow water filters costing Rs. 5.79 lakhs purchased by a division had not been installed on the designated lift irrigation/water supply schemes and were lying unutilised for over 7 years and 4 years respectively.

(Paragraph 5.4)

19. Unfruitful expenditure on fish seed farm, Deoli

- ** Expenditure of Rs. 15.86 lakhs incurred by August 1986 on establishment of fish seed farm, Deoli remained unfruitful. Work on the farm could not be completed due to damages caused by floods to the works which had been executed without proper site investigation.

(Paragraph 6.2.3)

20. Inadmissible payment of tax on works

- ** Though tax on works was to be borne by the contractor as per the agreement,

a sum of Rs. 4.92 lakhs had been paid by the Shimla Development Authority to a contractor.

(Paragraph 6.2.4)

21. Infructuous expenditure on setting up of Panjeeri plant

** Expenditure of Rs. 6 lakhs incurred by the State Council for Child Welfare on setting up of Panjeeri Plant at Hira Nagar in Shimla district without ensuring viability of the project and availability of suitable land free from all encumbrances had been rendered infructuous thereby depriving beneficiaries of the intended benefits.

(Paragraph 6.2.7)

22. Himachal Pradesh Khadi and Village Industries Board, Shimla

** Loans and grants aggregating Rs. 9.89 lakhs were sanctioned to three parties, one each in Mandi, Sirmour and Una districts, for establishment of industries without proper appraisal of the cases by the Board officials. This resulted in non-recovery of loans and grants totalling Rs. 9.89 lakhs, besides interest of Rs. 7.54 lakhs (up to March 1994) as of April 1994.

** Against the allocation of Rs. 50.35 lakhs as loan and Rs. 16.28 lakhs as grant by the Khadi and Village Industries Commission during 1989-90 for disbursement to 1,145 loanees under special programme for IRDP families, the Board had disbursed only Rs. 10.98 lakhs as loan and Rs. 6.05 lakhs as grant to 235 beneficiaries.

** The Board did not submit timely replies to audit observations of the Commission as a result of which the certificate required to be submitted with the rebate claims was not issued by the Certification Committee, Lucknow. Consequently, claims totalling Rs. 24.79 lakhs relating to the period from 1982-83 to 1987-88 became time barred and were not accepted by the Commission.

** Advances amounting to Rs. 73.97 lakhs made between 1973 and 1993 to the employees/suppliers were awaiting adjustment as of March 1993.

(Paragraph 6.4)

CHAPTER-I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Sources and application of funds

The following statement contains details of the sources of funds at the disposal of the State Government and their application during the financial year 1993-94:

Sources (Receipts)	(Rupees in crores)	Application (Expenditure)	(Rupees in crores)
Tax Revenue	255.74	Revenue Expenditure	1351.50**
Non-Tax Revenue	120.61		
Grants-in-aid from the Central Government	799.26	Capital Expenditure	220.37**
States' share of Union Taxes and Duties-	289.52		
Taxes on Income other than Corporation Tax	45.97*		
Union Excise Duties	243.55		
Internal Debt including Ways and Means Advances (excluding over- drafts from Reserve Bank of India)	245.96	Discharge of Internal Debt including Ways and Means Advances (excluding over- drafts from Reserve Bank of India)	211.42
Loans and Advances from the Central Government	146.05	Discharge of Loans and Advances from the Central Government	57.32
Recoveries of Loans and Advances	8.09	Loans and Advances disbursed	53.49**
Net Receipts under Public Account	104.50	Decrease in overdraft from Reserve Bank of India	91.94
Net decrease in Cash Balance including Cash Balance Investment Account, Departmental Cash Balance, Permanent Advances, etc.	16.31		
Total	1986.04		1986.04

** These are net figures exclusive of recoveries adjusted in reduction of expenditure viz: Revenue expenditure: Rs. 103.21 crores; Capital expenditure: Rs. 45.18 crores and Loans and Advances: Rs. 0.30 crore

* Difference of Rs. 0.01 crore is due to rounding

The state of finances of the State Government has been broadly analysed in the succeeding paragraphs.

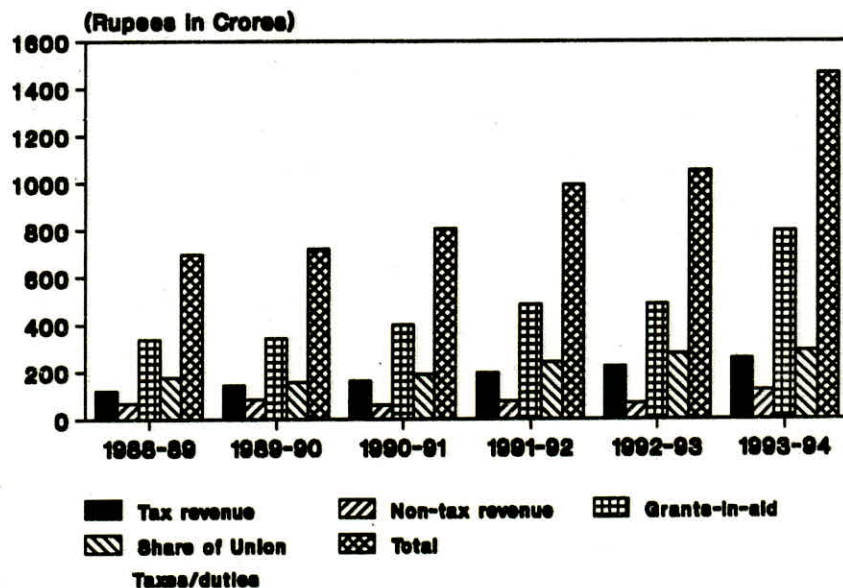
1.2 Revenue receipts

1.2.1 The actual revenue receipts during six-year period ending 1993—94 were as follows:

Year	Budget estimates	Revised estimates	Actuals	Percentage growth of Revenue Receipts over the previous year
(Rupees in crores)				
1988-89	663.35	790.43	698.38	7
1989-90	817.83	748.04	721.23	3
1990-91	779.55	843.45	806.63	12
1991-92	936.42	994.07	992.42	23
1992-93	1889.89	1875.87	1052.49	6
1993-94	1151.07	1435.74	1465.13	39

1.2.2 The position of revenue realisations from different sources during the period from 1988-89 to 1993-94 and their contribution to the total revenue of the State are depicted in the following chart:

SOURCES OF REVENUE



A more detailed analysis of receipts from different sources is contained in the succeeding paragraphs.

1.3 Tax revenue

1.3.1 The tax revenue of the State Government increased from Rs. 221.68 crores in 1992-93 to Rs. 255.74 crores in 1993-94 representing a growth of 15 per cent.

1.3.2 Realisations from different taxes and duties during the period from 1988-89 to 1993-94 have been analysed in the following table:

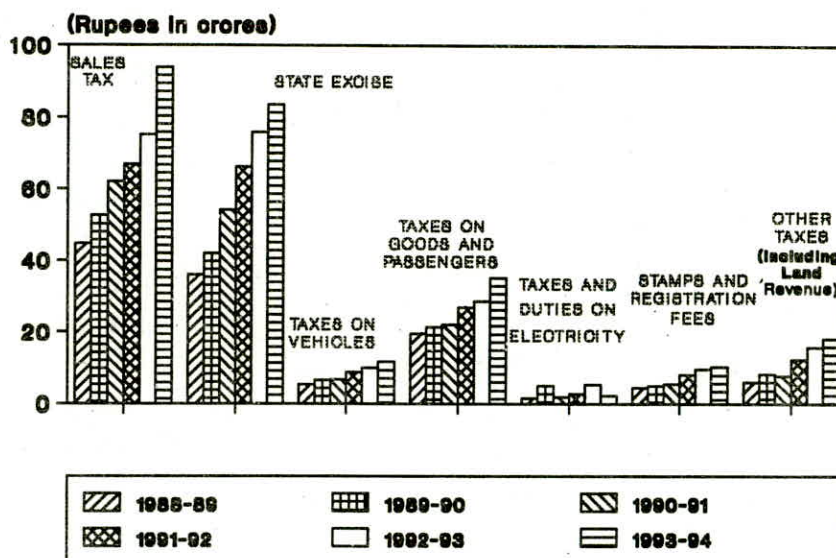
Year	Year-wise Tax	Revenue
	Amount	Percentage growth over previous year
(Rupees in crores)		
1988-89	118.10	14
1989-90	141.96	20
1990-91	160.90	13
1991-92	192.93	20
1992-93	221.68	15
1993-94	255.74	15

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
(Rupees in crores)						
Sales Tax	44.86 (38)	52.59 (37)	62.11 (39)	66.90 (35)	75.20 (34)	93.88 (37)
State Excise	36.06 (31)	42.40 (30)	54.21 (34)	66.25 (34)	75.78 (34)	83.53 (33)
Taxes on Vehicles	5.27 (4)	6.47 (5)	6.59 (4)	8.78 (5)	9.88 (5)	11.56 (4)
Taxes on Goods and Passengers	19.59 (17)	21.49 (15)	22.13 (14)	26.98 (14)	28.63 (13)	35.22 (14)
Taxes and Duties on Electricity	1.57 (1)	5.00 (3)	1.81 (1)	2.76 (1)	5.27 (2)	2.10 (1)
Land Revenue	0.43 (-)	0.88 (1)	0.80 (-)	0.90 (1)	1.59 (1)	1.01 --
Stamps and Registration Fees	4.38 (4)	4.99 (3)	5.49 (3)	7.98 (4)	9.53 (4)	10.19 (4)
Other Taxes and Duties on Commodities and Services	5.94 (5)	8.14 (6)	7.76 (5)	12.38 (6)	15.80 (7)	18.25 (7)
Total	118.10 (100)	141.96 (100)	160.90 (100)	192.93 (100)	221.68 (100)	255.74 (100)

Note: Figures within parentheses represent the percentage of individual taxes to the total tax revenue.

1.3.3 The increase in tax revenue collections by Rs. 34.06 crores during 1993-94 in relation to the previous year was mainly attributable to additional realisations from State Excise (Rs. 7.75 crores), Sales Tax (Rs. 18.68 crores), Taxes on Goods and Passengers (Rs. 6.59 crores) and Taxes on Vehicles (Rs. 1.68 crores).

1.3.4 The trends in regard to the major sources of tax revenue during the last six years are depicted below:



Though the contribution of Sales Tax to the total tax revenue declined from 38 to 37 per cent between 1988-89 and 1993-94 it was still a major contributor to the total tax revenue.

1.3.5 An analysis of the realisations of tax revenue from different sources during 1993-94 *vis-a-vis* the Budget Estimates and the Revised Estimates revealed significant variations. These variations were as high as (-) 65 per cent in respect of Taxes and Duties on Electricity and 55 per cent in respect of Land Revenue even

vis-a-vis the Revised Estimates. Details in this regard are tabulated below :

Actuals 1992-93	Revenue head	1993-94		Actuals	Percentage variation with reference to Revised Estimates
		Budget Estimates	Revised Estimates		
(Rupees in crores)					
1.59	Land Revenue	0.63	0.65	1.01	(+)55
9.53	Stamps and Regi- stration Fees	8.80	8.03	10.19	(+)27
75.78	State Excise	73.04	73.53	83.53	(+)14
75.20	Sales Tax	88.03	80.98	93.88	(+)16
5.27	Taxes and Duties on Electricity	6.00	6.00	2.10	(-)65
15.80	Other Taxes and Duties on Commodities and Services	13.79	13.79	18.25	(+)32
28.63	Taxes on Goods and Passengers	32.65	30.07	35.22	(+)17

1.4 Non-tax revenue

1.4.1 The non-tax revenue of the State Government increased from Rs. 66.78 crores in 1992-93 to Rs. 120.61 crores in 1993-94 representing a growth of 81 per cent.

The increase was mainly attributable to additional realisations from certain sectors as indicated in the

Year-wise Non-Tax Revenue		
Year	Non-Tax Revenue	Percentage increase(+)/ decrease(-) over the previous year
(Rupees in crores)		
1988-89	67.40	(-) 6
1989-90	82.25	(+)22
1990-91	59.32	(-)28
1991-92	74.45	(+)26
1992-93	66.78	(-)10
1993-94	120.61	(+)81

following table:

Description of Head of Account	Actuals		Increase	
	1992-93	1993-94	Amount	Percentage
(Rupees in crores)				
0070 Other Administrative Services	2.16	5.22	3.06	142
0406 Forestry and Wild Life	23.43	65.36	41.93	179
0425 Co-operation	1.40	3.92	2.52	180
0801 Power	0.22	6.57	6.35	2886

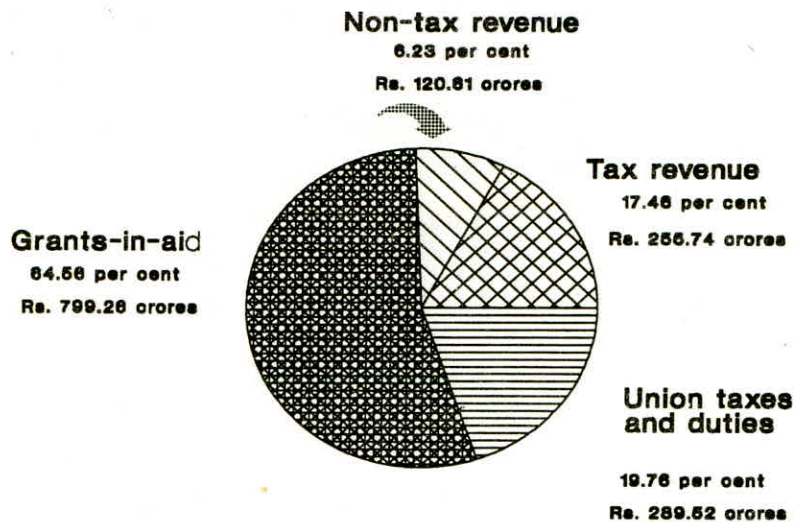
1.4.2 As in the case of tax revenue, actual realisations of non-tax revenue during 1992-93 varied significantly from the Budget and the Revised Estimates. These variations were as high as (+)1269 per cent in respect of Power and (-) 97 per cent in respect of Food, storage and Ware housing even *vis-a-vis* revised estimates details in this regard are tabulated below:

Actuals 1992-93	Revenue head	1993-94			Variation with reference to revised estimates	
		Budget estimates	Revised estimates	Actuals	Amount	Percentage
(Rupees in crores)						
2.87	0055 Police	3.49	3.50	2.61	(-) 0.89	(-) 25
2.16	0070 Other Admini- stration services	1.26	1.50	5.22	(+) 3.72	(+) 248
1.85	0401 Crop Husbandry	1.93	1.85	2.01	(+) 1.16	(+) 63
23.43	0406 Forestry and Wild Life	26.00	26.00	65.36	(+)39.36	(+) 151
0.01	0408 Food Storage and Warehousing	1.50	1.50	0.04	(-) 1.46	(-) 97
0.22	0801 Power	0.36	0.48	6.57	(+) 6.09	(+) 1269
2.17	0852 Industries	0.14	21.04	4.67	(-)16.37	(-) 78

1.5 Grants-in-aid and share of Union taxes and duties

1.5.1 Himachal Pradesh being a small State, the scope for raising revenue internally had always been limited. The State had, therefore, to depend heavily on grants-in-aid from the Central Government and its share of Union taxes and duties. The contributions made by the four major sources of revenue, namely tax revenue, non-tax revenue, grants-in-aid from the Central Government and share of Union taxes and

duties, during the year 1993-94 are depicted in the following chart :



1.5.2 The State's share of Union taxes and duties had progressively increased by 64 per cent between 1988-89 (Rs. 176.38 crores) and 1993-94 (Rs. 289.52 crores).

During 1993-94, the increase was 5 per cent

over the preceding year (Rs. 276.24 crores).

The increase in grants-in-aid from the Central Government was from Rs. 336.50 crores in

1988-89 to Rs. 799.26 crores during 1993-94 -

an increase of 138 per cent. In 1993-94, the

increase in Grants-in-aid was 64 per cent over

the preceding year from Rs. 487.79 crores to

Rs. 799.26 crores. Relevant details in this

regard are presented in the table alongside.

Grants-in-Aid and Share of Union Taxes and Duties received from the Central Government

Year	Grants-in-Aid (Rupees in crores)	Share of Union Taxes and Duties (Rupees in crores)
1988-89	336.50	176.3
1989-90	342.97	154.0
1990-91	398.46	187.9
1991-92	485.22	239.8
1992-93	487.79	276.2
1993-94	799.26	289.5

1.6 Revenue expenditure

1.6.1 The growth in revenue expenditure between 1988-89 and 1993-94 is shown in the following table:

Revenue Expenditure			
Year	Plan	Non-Plan (Rupees in crores)	Total
1988-89	200.80	567.42	768.22
1989-90	210.96	571.54	782.50
1990-91	249.02	652.45	901.47
1991-92	284.32	698.24	982.56
1992-93	326.73	818.84	1145.57
1993-94	409.01	942.49	1351.50

Between 1988-89 and 1993-94, the Plan expenditure increased by 104 per cent whereas the increase in Non-Plan expenditure was of the order of 66 per cent during the same period. There has been an increase in revenue expenditure by 18 per cent during 1993-94 over the level of 1992-93.

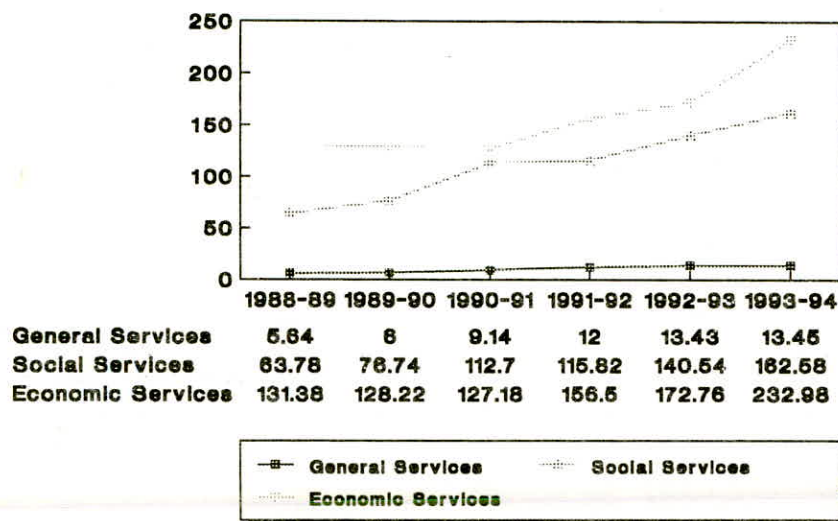
1.6.2 An analysis, Sectorwise, of the expenditure on Revenue Account from 1988-89 to 1993-94 is presented below:

Sector	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
	(Rupees in crores)					
General Services (Non-Plan)	203.96	229.70	269.05	325.13	380.09	446.98
General Services (Plan)	5.64	6.00	9.14	12.00	13.43	13.45
Social Services (Non-Plan)	251.74	233.57	243.28	254.37	301.30	320.70
Social Services (Plan)	63.78	76.74	112.70	115.82	140.54	162.58
Economic Services (Non-Plan)	108.85	105.93	137.82	115.49	133.69	171.14
Economic Services (Plan)	131.38	128.22	127.18	156.50	172.76	232.98
Grants-in-Aid and Contributions	2.87	2.34	2.30	3.25	3.76	3.67

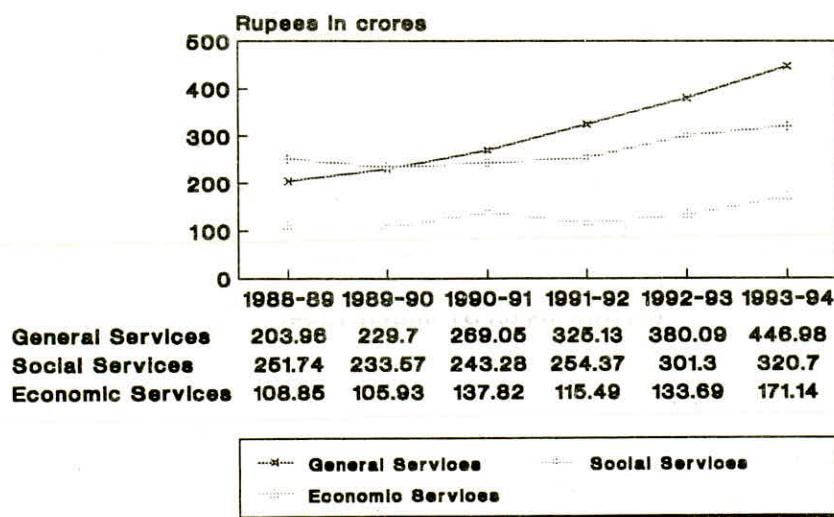
In relation to the previous year (1992-93), the Plan expenditure during

1993-94 on Economic Services, Social Services and General Services had increased by 35, 16 and 0.1 per cent respectively. While the Non-Plan expenditure on Economic Services, General Services and Social Services had increased by 28, 18 and 6 per cent respectively.

Trend of Plan Expenditure

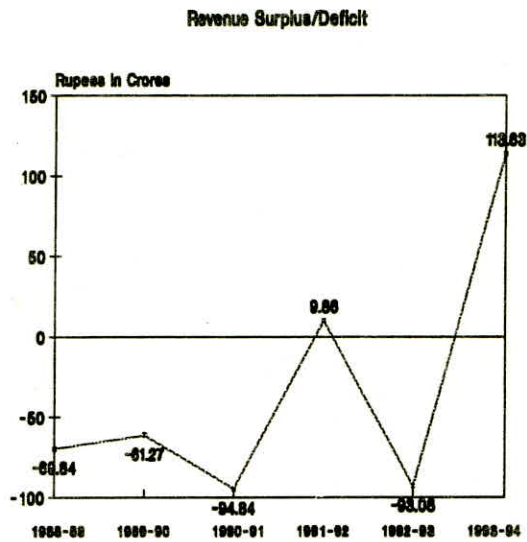


Trend of Non-Plan Expenditure



1.7 Revenue surplus/deficit

While revenue receipts increased by 110 per cent between 1988-89 and 1993-94, the growth of revenue expenditure was 76 per cent only during the same period. The accounts for the year 1993-94 closed with a revenue surplus of Rs. 113.63 crores as against the revenue deficit of Rs. 93.08 crores during the previous years. The year-wise position during 1988-89 to 1993-94 is given in the following table:



Year	Revenue		
	Receipts	Expenditure	Surplus(+)/ deficit(-)
(Rupees in crores)			
1988-89	698.38	768.22	(-) 69.84
1989-90	721.23	782.50	(-) 61.27
1990-91	806.63	901.47	(-) 94.84
1991-92	992.42	982.56	(+) 9.86
1992-93	1052.49	1145.57	(-) 93.08
1993-94	1465.13	1351.50	(+) 113.63

1.8 Capital expenditure

The Capital expenditure during 1993-94 was Rs. 220.37 crores as against Rs. 205.32 crores in 1992-93, representing an increase of 7 per cent. The comparative position of Revenue expenditure and Capital expenditure during the years from

1988-89 to 1993-94 is tabulated below:

Year	Revenue expenditure	Capital expenditure (Rupees in crores)
1988-89	768.22	131.85
1989-90	782.50	122.14
1990-91	901.47	149.22
1991-92	982.56	188.10
1992-93	1145.57	205.32
1993-94	1351.50	220.37

It would be seen that the Revenue expenditure (both Plan and Non-Plan) had increased by 76 per cent during 1988-94, whereas the Capital expenditure had gone up by only 67 per cent during the same period.

1.9 Public Debt and other liabilities

1.9.1 Under Article 293(1) of the Constitution of India, the State Government may borrow within the territory of India, upon the security of the Consolidated Fund of the State, within such limits, if any, as may from time to time be fixed by an Act of the Legislature of the State. No law has been passed by the State Legislature prescribing such limits.

Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal debt comprises long-term loans raised in the open market and loans received from the Life Insurance Corporation of India, National Bank for Agriculture and Rural Development and other institutions to finance various projects and schemes. This also includes ways and means advances from the Reserve Bank of India and bonds issued by the State Government. Loans and advances from the Central Government represent loans received from the Government of India for the execution of various Plan and Non-Plan schemes. Besides, Government has other liabilities on account of funds raised through small savings, provident funds, etc.

In order to meet the increasing demands of expenditure and to bridge the resource gap, the State Government had been increasingly resorting to borrowings. The total liabilities of the State Government had increased by 136 per cent from Rs. 820.23 crores in 1988-89 to Rs. 1935.58 crores in 1993-94. While the increase in the internal debt was 241 per cent, loans and advances from the Central Government and other liabilities increased by 100 and 179 per cent respectively. Details of such liabilities of

the State Government during the period were as follows:

At the end of	Internal Debt	Loans and Advances from the Central Government	Total Public Debt	Other liabilities	Total liabilities
(Rupees in crores)					
1988-89	87.39	515.20	602.59	217.64	820.23
1989-90	104.50	628.02	732.52	268.60	1001.12
1990-91	135.56	828.03	963.59	330.90	1294.49
1991-92	181.41	881.54	1062.95	396.10	1459.05
1992-93	355.42	940.94	1296.36	491.36	1787.72
1993-94	298.01	1029.67	1327.68	607.90	1935.58

1.9.2 The burden of debt had also increased the interest liability of the State Government. The outflow of funds on account of interest payments had been increasing progressively, the payments during 1993-94 being 204 *per cent* more than the outflow during 1988-89. The position is summarised in the following table:

Year	Revenue expenditure	Interest payments	Percentage of interest payments to Revenue expenditure
(Rupees in crores)			
1988-89	768.22	69.01	9
1989-90	782.50	87.99	11
1990-91	901.47	110.45	12
1991-92	982.56	147.85	15
1992-93	1145.57	177.12	15
1993-94	1351.50	209.65	16

1.9.3 The State Government had, however, discharged its debt service obligations to the Central Government. According to the schedule of repayment of loans and advances from the Central Government, the State Government was required to pay Rs. 57.32 crores towards principal and Rs. 117.89 crores as interest during the year 1993-94. Both the amounts were paid in time. The repayment of loans and advances inclusive of interest was Rs. 29.16 crores more than the amount of loans and advances (Rs. 146.05 crores) received from the Central Government during the year. Thus, there was a negative inflow of loans and advances from the Government of India during 1993-94.

1.10 Ways and Means Advances and Overdrafts

Under an agreement with the Reserve Bank of India, the State Government has to maintain with the Bank a minimum cash balance of Rs. 20 lakhs. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking Ways and Means Advances or Overdrafts from the Bank. The Government of India Treasury Bills are also re-discounted to make good the deficiency in the cash balance.

The extent to which the State Government maintained the minimum balance with the Bank during 1988-94 is indicated below:

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
(i) Number of days on which minimum balance was maintained-						
(a) without obtaining any advance	169	84	178	132	22	44
(b) by obtaining Ways and Means Advances	23	96	3	70	102	86
(ii) Number of days on which Overdraft was taken	2	108	77	98	232	218
(iii) Number of days on which Government of India Treasury Bills were rediscounted	171	77	107	66	9	17

Details of the Ways and Means Advances and Overdrafts taken by the State Government and interest paid thereon during the period from 1988-89 to 1993-94 are

tabulated below:

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
	(Rupees in crores)					
(1) Ways and Means Advances						
(i) Advances taken during the year (Gross)	28.97	96.11	69.38	130.44	122.88	208.93
(ii) Advances outstanding at the end of the year	--	--	--	11.27	11.27	16.87
(iii) Interest paid	0.03	0.45	0.34	0.45	1.16	1.17
(2) Overdrafts						
(i) Overdrafts taken during the year (Gross)	7.23	849.78	988.73	940.85	4418.50	595.72
(ii) Overdrafts outstanding at the end of the year	--	--	--	--	143.42	51.48
(iii) Interest paid	--#	0.23	0.27	0.28	1.55	2.96
(3) Re-discounting of Government of India Treasury Bills						
(i) Amount of Bills re-discounted during the year	356	157	354	172.00	27.50	64.50
(ii) Amount outstanding at the end of the year	31.31	12.72	30.63	--	--	--
(iii) Interest paid	2.93	1.19	2.15	1.69	0.29	0.30

1.11 Loans and Advances by the State Government

1.11.1 The State Government has been advancing loans to Government Companies, Corporations, autonomous bodies, co-operatives, non-Government institutions, etc. for developmental and non-developmental activities. The position of such loans for the six

Rs. 19,687 only.

years beginning from 1988-89 is given below:

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
	(Rupees in crores)					
Opening balance	363.83	416.08	459.36	493.94	539.46	552.61
Amount advanced during the year	60.22	60.16	39.82	52.54	32.27	53.49
Amount repaid during the year	7.97	16.88	5.24	7.02	19.12	8.09
Closing balance	416.08	459.36	493.94	539.46	552.61	598.01
Net addition	52.25	43.28	34.58	45.52	13.15	45.40
Interest received and credited to revenue	3.39	3.44	1.80	3.96	4.15	2.50
Net receipts from long-term borrowings during the year	94.45	129.92	231.07	88.09	89.99	117.66

The net addition in respect of loans and advances during the six-year period ranged between 15 and 55 *per cent* of the net receipts from long-term borrowings of the State Government.

1.11.2 Recoveries in arrears: Of the loans advanced to the Shimla Municipal Corporation and other Municipalities, etc., the detailed accounts of which are kept in the office of the Senior Deputy Accountant General (Accounts and Entitlements), recoveries of Rs. 10.66 lakhs (principal : Rs. 5.39 lakhs; interest : Rs. 5.27 lakhs) were overdue as on 31 March 1994.

In respect of loans, the detailed accounts of which are maintained by the departmental officers, the total amount overdue for recovery against loans advanced as on 31 March 1994, to the extent relevant information was received, was Rs. 2.61 crores including Rs. 1.41 crores on account of interest. The major portion of the arrears related to loans to "Village and Small Industries" (Rs. 2.21 crores) and "Fertilizer Loans"

(Rs. 0.31 crore). The details of the recoveries of arrears in respect of 7 departments were not furnished as of November 1994.

1.12 Investments and Returns

1.12.1 The total investments of the State Government increased from Rs. 218.45 crores as on 31 March 1993 to Rs. 295.78 crores as on 31 March 1994. The detailed position of fresh investments made during the year was as follows:

Name of the Concern	Investments during 1993-94	Accumulated loss/profit up to the end of 1993-94
(Rupees in lakhs)		
1. Statutory Corporations		
Himachal Pradesh Financial Corporation	218.00	(+) 2.28
Himachal Road Transport Corporation	1086.00	(-)9607.00
Himachal Pradesh Scheduled Castes Development Corporation	112.00	NA
Himachal Pradesh Ex-Servicemen Corporation	15.00	NA
2. State Government Companies/Joint Stock Companies		
Himachal Pradesh State Industrial Development Corporation Limited	247.40	(+) 15.06*
Himachal Pradesh Agro-Industries Corporation Limited	45.00	(-)1171.27*
Himachal Pradesh State Small Industries and Export Corporation Limited	6.00	(-) 225.69*
Himachal Pradesh State Handicrafts and Handloom Corporation Limited	8.00	(-) 326.08*
Himachal Pradesh State Forest Corporation Limited	36.94	(-) 466.43 [#]
Himachal Pradesh Tourism Development Corporation Limited	24.00	(-) 523.08
Himachal Pradesh State Electronic Development Corporation Limited	18.00	(-) 163.28*
Himachal Pradesh General Industries Corporation	35.00	(-) 164.88*
Himachal Pradesh State Civil Supplies Corporation	1.00	(+) 63.79
Himachal Pradesh Mahila Vikas Negam	4.00	(-) 3.32 [#]
Himachal Backward Classes Finance and Development Corporation	5.00	Incorporated in January 1994

NA - Not available

* Represents accumulated loss up to the end of 1992-93; the accounts for the year 1993-94 had not been finalised as of October 1994.

Represents loss up to the end of 1990-91; the accounts for the year 1991-92 onwards had not been finalised as of October 1994.

In addition, a sum of Rs. 21.42^{\$} lakhs had been invested in co-operative banks and Rs. 289.68^{\$} lakhs in co-operative societies. However, these organisations do not come under the purview of audit by the Comptroller and Auditor General of India. Besides, the State Government have invested Rs. 55.88 crores up to 1993-94 in Nathpa Jhakri Power Corporation - 2 Central Government Company.

1.12.2 While the investments made by the State Government increased from Rs. 141.02 crores at the end of 1988-89 to Rs. 295.78 crores at the end of 1993-94, dividend/interest had not correspondingly increased during the period. The dividend/interest earned during 1992-93 were Rs. 0.10 crore and in 1993-94, Government earned Rs. 0.34 crore. Detailed position of investments and dividend/interest from 1988-89 onwards is given below:

Year	Total investment up to the end of the year	Dividend/interest received during the year	Percentage of Col 3 to Col 2
(1)	(2)	(3)	(4)
	(Rupees in crores)		
1988-89	141.02	0.03	0.02
1989-90	159.06	0.08 [^]	0.05
1990-91	177.51	0.02 [^]	0.01
1991-92	198.11	0.12 [^]	0.06
1992-93	218.45 [#]	0.10 [^]	0.05
1993-94	295.78	0.34 [^]	0.11

The returns from Government investments were substantially lower than the rate at which interest was paid by the State Government on borrowings. The investment of Rs. 229.06 crores made by the State Government in 33 Corporations/Companies as of March 1994 had not earned any dividend during the last six years 1988-94.

1.13 Guarantees given by the State Government

The position of contingent liability for guarantees given by the State

^{\$} The investment in Co-operative banks and societies is inclusive of Rs 27.26 lakhs being value of shares redeemed during the year 1993-94.

[^] Provisional figures.

[#] Differs from Finance Accounts 1992-93 by Rs. 3.91 crores on reconciliation of figures of investment

Government for repayment of loans and payment of interest thereon by the Statutory Corporations, Government Companies, co-operatives, etc., was as follows:

As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
(Rupees in crores)			
1989	442.98	313.28	13.04
1990	527.46	352.71	2.67
1991	674.88	403.30	4.60
1992	723.18	361.65	8.41
1993	756.09	472.19	9.93
1994	819.71	483.25	18.77

There had been an increase of 54 per cent in the amount of guarantees outstanding over the period of five years.

The State Government charges at the rate of 0.5 per cent as guarantee fee and 0.1 per cent as commitment charges on the amount guaranteed. Against the total amount of Rs. 0.32 crore due as of 31 March 1994 on account of guarantee fee and commitment charges, Rs. 0.11 crore were received by the State Government.

1.14 Summarised Financial position

The financial position of the State Government as on 31 March 1994 emerging from the Appropriation Accounts and Finance Accounts for the year 1993-94 and the abstract of Receipts and Disbursements for the year is indicated in the following statements:

STATEMENT-I - SUMMARISED FINANCIAL POSITION OF THE STATE GOVERNMENT AS ON 31 MARCH 1994

(Rupees in crores)

LIABILITIES		ASSETS			
Amount as on 31 March 1993		Amount as on 31 March 1994	Amount as on 31 March 1993		Amount as on 31 March 1994
1	2	3	4	5	6
		246.53	1718.51	Gross capital outlay	1938.88
				Investment in Shares	
				of Companies,	
				Corporations, etc.	295.78
				Other Capital	1643.10
				Expenditure	
		175.31			
		8.32			
		1.03			
		0.40			

1	2	3	4	5	6
	Loans from National Co-operative Development Corporation	14.68			
	Loans from other institutions	29.92			
	Ways and Means Advances from the Reserve Bank of India	16.87			
940.94	Loans and Advances from the Central Government	1029.67	552.61	Loans and Advances	598.01
	Pre-1984-85 Loans	115.75		Loans for Energy	507.28
	Non-Plan Loans	643.49		Other Development Loans	61.30
	Loans for State Plan Schemes	222.36		Loans to Government Servants and Miscellaneous Loans	29.43
	Loans for Central Plan Schemes	0.54			
	Loans for Centrally Sponsored Plan Schemes	47.53			
1.00	Contingency Fund	1.00	0.50	Appropriation to Contingency Fund	0.50
			(-)23.06	Suspense and Miscellaneous Balances	(-) 1.08
491.36	Small Savings, Provident Funds, etc.	607.90	0.12	Advances	0.14
41.97	Deposits	54.98	(-)114.94	Cash	(-)131.25
143.42	Overdrafts from Reserve Bank of India	51.48			
2.31	Reserve Funds	4.37		Cash in Treasuries and Local Remittances	6.45
44.95	Remittance Balances	39.85		Departmental Cash Balance including Permanent Advances	0.07
255.79	Surplus on Government Account	369.42		Cash Balance Investment Account	0.14
	Last years' balance	265.06		Deposits with the Reserve Bank of India	(-)137.91
	(i) Current years' surplus	113.63			
	Less				
	(i) Adjustments	9.27*			
	(ii) Miscellaneous	--			
	Government Accounts	**			
2133.74		2405.20	2133.74		2405.20

* According to Statement No.14 of the Finance Accounts 1993-94, the Revenue Surplus on Government Account was Rs. 378.69 crores. The difference of (-) Rs. 9.27 crores is explained below:

	(Rupees in crores)
(i) Progressive amount adjusted under head "7810-Inter-State Settlement"	(-) 1.43
(ii) Progressive amount adjusted under head "8680-Miscellaneous Government Accounts"	(+)0.16
(iii) Net amount adjusted <i>pro forma</i>	(-)8.00
Net total:	(-)9.27

** Rs. 35,804 only.

**STATEMENT-II - ABSTRACT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR 1993-94**

SECTION-A-REVENUE

RECEIPTS		DISBURSEMENTS					
		<i>(Rupees in crores)</i>					
I	Revenue Receipts	1465.13	I Revenue Expenditure			1351.50	
			Sector	Non-Plan	Plan	Centrally sponsored schemes (including Plan Schemes)	Total
(i)	Tax-revenue	255.74					
(ii)	Non-Tax revenue	120.61					
(iii)	States' Share of Union Taxes and Duties	289.52					
(iv)	Non-Plan Grants	118.72	(A) General Services	446.98	10.93	2.52	460.43
(v)	Grant for State Plan Schemes	583.20	(B) Social Services	320.70	124.82	37.76	483.28
(vi)	Grants for Central and Centrally Sponsored Plan Schemes	97.34	(C) Economic Services-				
			(i) Agriculture and Allied Activities	91.05	76.33	22.85	190.23
			(ii) Rural Development	13.09	20.57	15.05	48.71
			(iii) Irrigation and Flood Control	4.63	11.05	0.14	15.82
			(iv) Energy	7.54	1.05	2.79	11.38
			(v) Industry and Minerals	2.79	9.05	27.09	38.93
			(vi) Transport	47.95	9.44	--	57.39
			(vii) Sciences, Technology and Environment	--	0.49	--	0.49
			(viii) General Economic Services	4.09	37.07	0.01	41.17
			(D) Grants-in-aid and Contributions	3.67	--	--	3.67
				942.49	300.80	108.21	1351.50
							1351.50
II	Revenue Surplus carried over to Section B						113.63
		1465.13					1465.13

SECTION-B-OTHERS

RECEIPTS		DISBURSEMENTS			
(Rupees in crores)		(Rupees in crores)			
		III Opening overdraft from the Reserve Bank of India			143.42
II	Opening Cash Balance including Permanent Advance and Cash Balance Investment Account, etc.	(-114.94)	IV Capital Outlay		220.37
			Sector	Non-Plan	Plan
			(A) General		
			Services	--	5.89
			(B) Social		
			Services	--	67.90
			(C) Economic		
			Services-		
			(i) Agriculture and Allied Activities	(-2.67)	13.15
			(ii) Rural Development	--	0.04
			(iii) Irrigation and Flood Control	--	11.14
			(iv) Energy	--	42.29
			(v) Industry and Minerals	--	6.74
			(vi) Transport	--	74.27
			(vii) General Economic Services	--	1.62
III	Recoveries of Loans and Advances	8.09			
(i)	From Energy	--			
(ii)	From Government servants	4.65			
(iii)	From others	3.44			
IV	Revenue Surplus brought down	113.63			
V	Public Debt Receipts	392.01			
(i)	Internal Debt including Ways and Means Advances (excluding overdrafts from Reserve Bank of India)	245.96			
(ii)	Loans and Advances from the Central Government	146.05			
VI	Public Account Receipts	1488.44			
(i)	Small Savings, Provident Funds, etc.	206.47	V Loans and Advances Disbursed-		
(ii)	Reserve funds	99.99	(i) For Energy		37.95
(iii)	Deposits and Advances	240.80	(ii) To Government Servants		10.15
(iv)	Suspense and Miscellaneous	343.43	(iii) To others		5.39
(v)	Remittances	597.75			
			VI Repayment of Public Debt-		268.74
			(i) Internal Debt including Ways and Means Advances (excluding overdrafts from Reserve Bank of India)		211.42
			(ii) Repayment of Loans and Advances to the Central Government		57.32

RECEIPTS	<i>(Rupees in crores)</i>	DISBURSEMENTS	<i>(Rupees in crores)</i>
		VII Public Account	1383.94
		Disbursements	
		(i) Small Savings, Provident Funds, etc.	89.94
		(ii) Reserve funds	97.92
		(iii) Deposits and Advances	227.82
		(iv) Suspense and Miscellaneous	365.42
		(v) Remittances	602.84
VII Closing Overdrafts from Reserve Bank of India	51.48		
		VIII Cash Balance at the end of the year	(-)131.25
		(i) Cash in Treasuries and Local Remittances	6.45
		(ii) Departmental Cash Balances including Permanent Advances	0.07
		(iii) Cash Balance Investment Account	0.14
		(iv) Deposits with Reserve Bank of India	(-)137.91
	<hr/> 1938.71		<hr/> 1938.71

Explanatory Notes:

1. The summarised financial statements are based on the statements of the Finance Accounts and the Appropriation Accounts of the State Government and are subject to the notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.

3. Though a part of the revenue expenditure (grants) and the loans are used for capital formation by the recipient, its classification in the accounts of the State Government remains unaffected by end use.

4. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government account. The balancing figure of Rs. 285.32 crores as on 31 March 1983 was treated as cumulative surplus for drawing up the first

statement for 1983-84. .

5. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of States and others pending settlement, etc. The balance under Suspense and Miscellaneous had decreased from Rs. 23.06 crores (Credit) on 31 March 1993 to Rs. 1.08 crores (Credit) as on 31 March 1994.

6. The closing balance according to the Reserve Bank of India, under "Deposits with Reserve Bank of India" was Rs. 192.98 crores (Credit), against the balance of Rs. 137.91 crores (Credit) shown in the accounts. While a difference of Rs. 47.10 crores had been reconciled (October 1994), the balance (Rs. 7.97 crores) was awaiting reconciliation (October 1994).

1.15 Assets and Liabilities of the State

The assets, comprising capital investments and loans advanced and the total liabilities of the State Government during the six-year period from 1988-89 to 1993-94 were as follows:

At the end of	Assets	Liabilities
	(Rupees in crores)	
1988-89	1374.32*	879.64*
1989-90	1495.11	1061.70
1990-91	1695.34	1356.77
1991-92	1885.08	1536.18
1992-93	2133.74	1877.95
1993-94	2405.20	2035.78

While the assets grew by 75 per cent over the period of five years, the liabilities had increased by 131 per cent during the same period.

Differs from the position reflected in earlier Audit Reports due to the non-inclusion of data relating to "Deposits with Reserve Bank" under cash balance.

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Budget and expenditure

The summarised position of actual expenditure during 1993-94 against grants/appropriations was as follows:

	Original grant/ appropriation	Supple- mentary	Total	Actual Expendi- ture *	Variation Saving(-)/ Excess(+)
(Rupees in crores)					
I. Revenue					
Voted	1164.11	118.08	1282.19	1240.53	(-) 41.66
Charged	229.70	1.38	231.08	214.18	(-) 16.90
II. Capital					
Voted	238.74	46.02	284.76	259.54	(-) 25.22
Charged	--	6.13	6.13	6.01	(-) 0.12
III. Public Debt					
Charged	145.52	--	145.52	956.41 [@]	(+) 810.89 [@]
IV. Loans and Advances					
Voted	53.00	8.43	61.43	53.79	(-) 7.64
Grand Total	1831.07	180.04	2011.11	2730.46	(+) 719.35

2.2 Results of Appropriation Audit

2.2.1 Saving/excess in grants/appropriations

The overall excess was the net result of saving in 53 cases and excess in 16 cases as shown below:

	Savings		Excesses		Net saving(-)/ excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
(Rupees in crores)						
Voted	77.13 (In 23 grants)	33.97 (In 17 grants)	35.47 (In 7 grants)	1.11 (In 8 grants)	(-) 41.66	(-) 32.86
Charged Appropriations	16.90 (In 9 appro- priations)	0.12 (In 4 appro- priations)	--	810.89 [@] (In 1 appro- priation)	(-) 16.90	(+) 810.77 [@]

The overall supplementary grants and appropriations obtained during

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz: Revenue expenditure: Rs. 103.21 crores; Capital expenditure: Rs. 45.18 crores and Loans and Advances: Rs. 0.30 crore

@ Includes Rs. 687.66 crores on account of repayment of overdrafts and shortfalls obtained from Reserve Bank of India

1993-94 constituted 10 per cent of the original grants and appropriations.

In 9 cases, the supplementary provision of Rs. 7.95 crores was unnecessary as the expenditure in all these cases was either not incurred or was less than even the original provisions. Details are given in Appendix-I.

Of the final savings of Rs. 111.10 crores under voted grants and of Rs. 17.02 crores under charged appropriations, savings of not less than Rs. 50 lakhs in each case aggregating Rs. 124.98 crores (21 cases) occurred in 17 grants and one appropriation, details of which are indicated below, along with the main reasons for the savings wherever furnished by Government:

Serial number	Grant	Amount of saving (Percentage of savings)	Main reasons
(Rupees in crores)			
Voted Grants			
Revenue			
1.	1-Vidhan Sabha and Elections	1.18 (25)	Non-finalisation of codal formalities for issue of identity cards to the electorates.
2.	4-General Administration	1.36 (2)	Non-filling up of vacant posts, etc.
3.	5-Land Revenue	2.71 (7)	Non-filling up of vacant posts, non-receipt of rent bills, non purchase of machinery and equipment, etc.
4.	8-Education, Sports, Arts and Culture	40.26 (14)	Non-filling up of vacant posts and engagement of less daily wage staff, less students found eligible for scholarships, etc.
5.	9-Health and Family Welfare	9.85 (10)	Non-filling up of vacant posts, payment of less grant-in-aid to subsidised medical institution and reduction in plan ceiling, less purchase of medicine due to non-completion of codal formalities, etc.
6.	11-Agriculture	2.44 (4)	Grant of less subsidy on fertilisation and non-implementation of market intervention scheme
7.	16-Forest and Wild Life	6.09 (9)	Reduction in plan ceiling, execution of less works, less purchasing of material and less expenditure on maintenance and repairs, less demand by regional offices
8.	19-Social Security and Welfare	1.03 (4)	Non-filling up of vacant posts, less purchase of office articles, less engagement of daily paid staff, receipt of less grant-in-aid claims, etc.

Serial number	Grant	Amount of saving (Percentage of savings)	Main reasons
9.	20-Rural Development	1.33 (3)	Less receipt of Central share and reduction in Plan ceiling
10.	21-Co-operation	1.51 (18)	Non-filling up of vacant posts, less receipt of cases of managerial subsidy from 'Processing Co-operatives' under Tea Development Project
11.	22-Food and Warehousing	1.39 (9)	Less demand of levy sugar, reduction in Plan ceiling, less grant-in-aid, to <i>Antodaya</i> families, etc.
12.	27-Labour and Employment	0.76 (12)	Non-receipt of sanction from Government of India, non-creation of posts and filling up of vacant posts
13.	29-Finance	5.75 (6)	Less flow of expenditure during last months of 1993-94, non-starting of new lotteries in view of proposed complete ban on lotteries, less receipt of debits than anticipated from other Accountants General in respect of Himachal Pradesh pensioners, etc.
Capital			
14.	8-Education, Sports, Arts and Culture	1.16 (12)	Reduction in Plan ceiling
15.	11-Agriculture	2.53 (14)	Execution of less works and purchase of less machinery
16.	12-Irrigation and Flood Control	1.55 (14)	Non-sanction of scheme, reduction in Plan ceiling, etc.
17.	17-Roads and Bridges	10.35 (16)	Reduction in Plan ceiling, less purchase of machinery/material, etc.
18.	21-Co-operation	6.38 (57)	Withholding of execution of Tea Development Project, less receipt of Central share under 'Marketing Co-operative', less requirement of funds for tea factory, Kangra, non-receipt of demand for loans under "Rural Consumer Scheme", etc.
19.	23-Water and Power Development	8.21 (10)	Reduction in Plan ceiling
20.	28-Water Supply, Sanitation, Housing and Urban Development	2.37 (5)	Less execution of works and non-receipt of demand from Housing Board
Charged Appropriation Revenue			
21.	29-Finance	16.77 (7)	Late receipt of advices from Reserve Bank of India, drawal of more advances than anticipated, less interest payments than anticipated, etc.

2.2.2 Persistent savings/excesses

Expenditure was persistently less than the total provisions by 5 per cent and more in 9 cases during 1991-94, while it exceeded the provision persistently in 2 other cases. Relevant details were as follows:

Savings/excesses as percentage of total grants			
Grants	1991-92	1992-93	1993-94
I-Savings			
A. Revenue-Voted			
2-Governor and Council of Ministers	8	11	10
5-Land Revenue	31	38	7
21-Co-operation	5	13	18
27-Labour and Employment	10	18	12
29-Finance	5	12	6
B. Capital-Voted			
13-Soil and Water Conservation	6	36	43
17-Roads and Bridges	18	17	16
23-Water and Power Development	39	30	10
C. Revenue-Charged			
29-Finance	7	8	7
II-Excesses			
D. Revenue-Voted			
10-Public Works	31	43	51
E. Capital Charged			
29-Finance	713	2884	557

2.2.3 Surrender of funds

Savings in a grant or appropriation are to be surrendered to Government immediately after these are foreseen, without waiting till the end of the year, unless such savings are required to meet excesses under some other units. However, no savings should be held in reserve for possible future excesses.

In 16 voted grants (20 cases) and 10 charged appropriations (11 cases), savings amounting to Rs. 11.53 crores and Rs. 8.89 crores respectively were not surrendered. Of these, the entire saving of Rs. 0.26 crore in 3 voted grants and Rs. 0.15 crore in 7 charged appropriations were not surrendered. Details of major variations where savings were 20 per cent or more and also more than rupees one crore but were not surrendered are contained in Appendix-II.

In 19 cases, the amount surrendered exceeded the overall savings. Further, in case of 8 grants, Rs. 2.40 crores were surrendered although the expenditure exceeded the grant and no savings were available for surrender. Relevant details are as follows:

(A) Surrender of funds larger than available savings:

Serial Number	Grant	Amount of Savings	Amount Surrendered
(Rupees in lakhs)			
Revenue-Voted			
1.	1-Vidhan Sabha and Elections	117.67	119.38
2.	3-Administration of Justice	5.62	7.03
3.	4-General Administration	135.97	299.98
4.	5-Land Revenue	271.22	343.33
5.	6-Excise and Taxation	8.90	10.19
6.	14-Animal Husbandry and Dairy Development	9.46	84.18
7.	16-Forest and Wild Life	608.85	701.47
8.	18-Supplies, Industries and Minerals	20.65	28.28
9.	20-Rural Development	133.22	236.80
10.	21-Co-operation	150.58	153.24
11.	22-Food and Warehousing	139.08	149.15
12.	24-Stationery and Printing	40.40	40.71
13.	26-Tourism and Hospitality	12.69	21.81
14.	28-Water Supply, Sanitation, etc.	17.19	1089.66
Capital-Voted			
15.	8-Education, Sports, Arts and Culture	115.81	240.76
16.	13-Soil and Water Conservation	20.48	22.01
17.	20-Rural Development	10.71	10.83
18.	23-Water and Power Development	821.10	1050.01
19.	30-Loans to Government Servants	20.33	24.38

(B) Surrender of funds in spite of overall excess expenditure:

Serial Number	Grant	Amount of excess expenditure	Amount Surrendered
(Rupees in lakhs)			
Revenue-Voted			
1.	12-Irrigation and Flood Control	101.01	4.14
2.	13-Soil and Water Conservation	26.05	36.18
3.	17-Roads and Bridges	154.94	50.00
4.	31-Tribal Development	439.14	96.33
Capital-Voted			
5.	5-Land Revenue	1.82	0.22
6.	9-Health and Family Welfare	12.52	37.12
7.	18-Supplies, Industries and Minerals	21.69	7.56
8.	25-Road, Water Transport and Civil Aviation	4.37	8.25

The amounts in all these cases were surrendered only on the last day of the year. These instances were indicative of ineffective control over and monitoring of expenditure.

2.2.4 Excess over grant/ appropriation

In the revenue section, there was a total excess of Rs. 35,47,29,420 in 7 grants while excesses in the capital section amounted to Rs. 1,11,30,822 in 8 grants

and Rs. 8,10,89,00,832[@] in one appropriation. These excesses (details given below) require regularisation under Article 205 of the Constitution.

Serial number	Grant	Total grant/ appropriation	Actual expenditure	Amount of excess
1	2	3	4	5
		Rupees	Rupees	Rupees
Voted Grants				
Revenue				
1.	7-Police and Allied Organisation	71,71,63,000	72,01,27,742	29,64,742
2.	10-Public Works	53,62,30,000	81,18,81,622	27,56,51,622
3.	12-Irrigation and Flood Control	24,62,66,000	25,63,67,113	1,01,01,113
4.	13-Soil and Water Conservation	11,74,32,000	12,00,36,512	26,04,512
5.	17-Roads and Bridges	33,89,75,000	35,44,68,997	1,54,93,997
6.	23-Water and Power Development	8,94,00,000	9,33,99,000	39,99,000
7.	31-Tribal Development	71,63,68,000	76,02,82,434	4,39,14,434
Capital				
8.	5-Land Revenue	10,90,000	12,72,125	1,82,125
9.	9-Health and Family Welfare	5,27,54,000	5,40,06,310	12,52,310
10.	10-Public Works	4,33,50,000	4,54,64,821	21,14,821
11.	14-Animal Husbandry and Dairy Development	32,50,000	34,82,429	2,32,429
12.	18-Supplies, Industries and Minerals	7,54,14,000	7,75,82,716	21,68,716
13.	24-Stationery and Printing	15,00,000	15,01,052	1,052
14.	25-Road, Water Transport and Civil Aviation	11,70,18,000	11,74,55,164	4,37,164
15.	31-Tribal Development	24,76,21,000	25,23,63,205	47,42,205
Charged Appropriation				
Capital				
1.	29-Finance	1,45,52,00,000	9,56,41,00,832 [@]	8,10,89,00,832 [@]

The reasons for the excess have not been furnished as of September 1994.

[@] Includes Rs. 687.66 crores on account of repayment of overdrafts and shortfalls obtained from Reserve Bank of India

2.2.5 Non-receipt of explanation for savings/excesses

After the close of the accounts of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and resultant variations are sent to the Controlling Officers, requiring them to explain variations in general and those under important heads/sub-heads in particular.

Such explanations for variations in respect of the Appropriation Accounts for 1993-94 were not received as of October 1994 in the case of 353 heads/sub-heads.

2.2.6 Recoveries in reduction of expenditure

The demands for grants are for the gross amount of expenditure to be incurred in a particular year and show recoveries to be taken in reduction of expenditure separately by way of foot notes thereunder. Similarly, in the Appropriation Accounts, the recoveries are also shown separately in an Appendix thereto. A scrutiny of the Accounts for 1993-94 revealed that against the budget estimates of Rs. 66.63 crores in the revenue section, actual recoveries were Rs. 103.22 crores. In the capital section, against the budget estimates of Rs. 42.39 crores, actual recoveries were Rs. 45.47 crores.

In the revenue section, recoveries in reduction of expenditure were underestimated by Rs. 36.59 crores in 4 grants. Similarly, in the capital section, there was short budgeting in the case of 6 grants involving Rs. 5.39 crores and less recoveries in 2 grants involving Rs. 2.31 crores. Details of major variations involving 20 per cent of the original estimates and not less than Rs. one crore are given in Appendix—III.

2.2.7 Injudicious reappropriation

A grant or appropriation for charged expenditure is distributed by sub-heads or standard objects (called primary units) under which it shall be accounted. Reappropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of financial year to which such grant or

appropriation relates. Reappropriation of funds should be made only when it is known or anticipated that the appropriation from the unit for which funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation of the said unit.

During test-check of the Accounts for 1993-94, it was observed that in the case of 60 sub-heads in 18 grants/appropriations, reappropriation amounting to Rs. 5.72 crores was injudicious as per details in Appendix-IV in-as-much as (i) the original provision under the sub-head to which funds were transferred by reappropriation was more than adequate and consequently final saving under the sub-head was greater than the amount reappropriated to that sub-head, or (ii) the original provision from which funds were transferred was inadequate and the final excess under that sub-head was greater than the amount reappropriated. This was indicative of lack of adequate control over expenditure.

2.3 Reconciliation of departmental figures

In order to exercise effective control over expenditure, all departmental officers are required to reconcile expenditure of their respective departments periodically with the expenditure booked in the accounts maintained by the Accountant General before the close of the year's accounts. This would enable the departmental officers to detect any frauds or defalcations promptly.

Despite reporting the extent of delay in reconciliation to the Government periodically, three¹ controlling officers had not reconciled the expenditure of Rs. 6.11 crores in respect of three heads of accounts for the whole year 1993-94. Expenditure totalling Rs. 6.11 crores, therefore, remained unreconciled.

The matter was referred to Government in October 1994; reply has not been received (October 1994).

1

Engineer-in-Chief, IPH (2702-Minor Irrigation: Rs. 4.98 crores); Director Health and Family Welfare (4211-Capital outlay on Family Welfare: Rs. 0.01 crore) and Secretary, Local Self Government (3054-Roads and Bridges: Rs. 1.12 crores)

2.4 Drawal of funds in advance of requirements

Financial Rules stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is also not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take considerable time. Any unspent balance is required to be refunded promptly into the treasury.

Test-check of accounts of the Industries, Education and Horticulture departments revealed that Rs. 59.81 lakhs were drawn between January 1989 and June 1993 for the execution of various schemes and development works and kept in the form of bank drafts, deposits in banks/post offices. Of this, Rs. 49.75 lakhs were lying unutilised as of July 1994. Relevant details in this regard are contained in Appendix V.

Such drawal of funds in advance of actual requirement resulted in the blocking of Government funds and retention thereof outside Government account. Besides, the Government had to resort to overdrafts involving payment of substantial interest liability of Rs. 4.51 crores during 1992-94 (1992-93: Rs. 1.55 crores and 1993-94: Rs. 2.96 crores).

The matter was referred to Government in July 1994; reply has not been received (October 1994).

CHAPTER-III

CIVIL DEPARTMENTS

Rural Development Department

3.1 Jawahar Rozgar Yojna

3.1.1 Introduction

With a view to tackling the hard core of rural poverty by generating additional gainful employment for unemployed and under-employed men and women in rural areas, Jawahar Rozgar Yojna (JRY) was introduced in the State in April 1989 as a Centrally sponsored programme. The existing two schemes 'Rural Landless Employment Guarantee Programme (RLEGP)' and 'National Rural Employment Programme (NREP)' were also merged with this programme. Other secondary objectives of the programme, as envisaged, were as under:

- Creation of sustained employment by strengthening the rural economic infrastructure and also assets in favour of the rural poor for their direct and continuing benefits;
- creation of community and social assets;
- positive impact on wage levels; and
- overall improvement in the quality of life in rural areas.

3.1.2 Organisational set up

The overall responsibility for the implementation of the programme vested in the Director-cum-Additional Secretary, Rural Development Department who was assisted by the Project Officers of the District Rural Development Agencies (DRDAs) in the districts. At the block level, the programme was being implemented by Block Development Officers (BDOs). The overall administrative control was with the additional Chief Secretary-cum-Secretary, Rural Development Department.

3.1.3 Audit coverage

Implementation of the programme from 1989-90 to 1993-94 was reviewed in

The abbreviations used in this review have been listed in the Glossary in Appendix XIV (Page 180)

audit during March 1994 to June 1994 in 27 blocks of 6 districts¹, out of the 69 blocks in 12 districts, and this was supplemented by a review of the records of the respective Project Officers of the DRDAs and the Director-cum-Additional Secretary, Rural Development Department. Results of test-check are embodied in the succeeding paragraphs.

3.1.4 Highlights

Survey to identify the target groups, as required under the programme, was not conducted till 1991-92 before implementation of the programme. The survey conducted in 1991-92 was incomplete as it did not include details of freed bonded labour.

(Paragraph 3.1.5)

Shelf of projects and annual action plans were not prepared before the start of the respective financial years, as required.

(Paragraph 3.1.6)

Interest aggregating Rs. 9.08 lakhs accrued on deposits of JRY funds had not been remitted to the Project Officers for recycling by 18 BDOs, as envisaged under the programme.

Materials valued at Rs. 5.63 lakhs were diverted to other works and funds of Rs. 3.28 lakhs relating to JRY transferred to other works had not been recouped.

(Paragraph 3.1.7)

The reported employment generated was merely based on 50/60 *per cent* wage component divided by the minimum wage rate. In 3 blocks of Solan District, actual employment worked out to 77,961 as against 1,26,438 mandays reported which implied 62 *per cent* inflation in the figures of achievement. The employment generated as reported, was thus grossly inflated.

The expenditure on material component varied from 69 to 78 *per cent* as against the prescribed norm of 50/40 *per cent*.

In four blocks, twenty works costing Rs. 9.53 lakhs were got executed

Bilaspur (Bilaspur, Ghumarwin and Jhandutta); Hamirpur (Bhoranj, Bijhart, Hamirpur, Nadaun and Sujampur Tihra); Kinnaur (Kalpa, Nichar and Pooh); Mandi (Chauntra, Drang, Gohar, Mandi, Rewalsar and Sundernagar); Shimla (Chirgaon, Jubbal, Mashobra, Narkanda, Rampur, Rohru and Theog) and Solan (Kandaghat, Solan and Dharampur)

through contractors in violation of the provisions of the programme.

(Paragraph 3.1.8)

Against the allotment of 11,200 tonnes, only 4,820 tonnes of foodgrains were lifted by the State Government, of which 3,506 tonnes foodgrains were utilised for distribution to the workers.

Sales tax amounting to Rs. 3.70 lakhs paid on foodgrains was irregularly charged to the programme.

(Paragraph 3.1.9)

Payment of assistance for the construction of irrigation tanks at higher than the prescribed normative rates resulted in extra payment of assistance amounting to Rs. 3.22 lakhs in 2 blocks.

Details of utilisation of high density polythene pipes costing Rs. 5.19 lakhs issued to *Panchayat Pradhans* were not available with the Block Development Offices.

(Paragraph 3.1.11)

An amount of Rs. 6.95 lakhs which was spent on execution of works in urban areas was irregularly charged to this programme though it was meant to be implemented in rural areas only, resulting in diversion of funds.

(Paragraph 3.1.13)

3.1.5 Survey

People living below the poverty line were the target groups under the programme. Preference was to be given to scheduled castes/schedule tribes and freed bonded labour for employment. Thirty *per cent* of the employment opportunities were to be reserved for women. No survey was, however, conducted by the Department till 1991-92 to identify beneficiaries, before implementation of the programme. Instead the Department was making use of the survey conducted under Integrated Rural Development Programme during 1981-82. A fresh survey was conducted during 1991-92 to identify the beneficiaries for the programme. Scrutiny of this, however, revealed that details regarding free bonded labour were not available in this survey also; reasons for which were not intimated.

3.1.6 Shelf of projects and annual action plan

Shelf of projects and annual action plan, based on felt needs of the rural

community and on economic viability and financial feasibility of the projects, were required to be prepared by the DRDAs before beginning of the financial year. It was, however, noticed that the shelf of projects and the annual action plan were not prepared in any of the districts test-checked before start of the financial year. However, these were prepared later on.

3.1.7 Financial outlay and expenditure

(i) Expenditure under the programme is shared between the Central and the State Governments on 80:20 basis. Central assistance to the State is provided on the basis of the proportion of rural poor in the State to the total rural poor in the country.

Budget provision for the funds is made in the State budget. The Central release is proportionate to the State provision. The State Government is required to release to the DRDAs within a week after the release of the Central assistance along with its own matching share. The funds to village *Panchayats* were to be distributed by the DRDAs within a week of the receipt of the funds from the State Government.

Financial outlays, amounts released and utilisation of funds under the programme during 1989-94 were as under:

Year	Allocation of funds by the			Funds released by the			Utilised	Excess(+)/ Saving(-)
	Central Government	State Government	Total	Central Government	State Government	Total		
	(Rupees in lakhs)							
1989-90	922.80	230.70	1153.50	922.80	230.70	1153.50	987.48	(-)166.02
1990-91	908.22	227.06	1135.28	862.81	215.70	1078.51	1270.68	(+)192.17
1991-92	908.22	227.06	1135.28	828.21	207.05	1035.26	1186.15	(+)150.89
1992-93	885.81	221.45	1107.26	853.09	186.84	1039.93	1049.73	(+) 9.80
1993-94*	885.81	221.45	1107.26	1106.55	289.72	1396.27	1354.76	(-) 41.51
Total	4510.86	1127.72	5638.58	4573.46	1130.01	5703.47	5848.80	(+)145.33

Funds released to the blocks and the *panchayats* were to be kept in the banks or post offices. The interest accrued on such deposits was to be treated as part of the JRY additional resources. Interest aggregating Rs. 9.08 lakhs earned by 18 blocks during the period 1990-94 had not been remitted to the respective Project Officers for recycling as of May 1994. Information regarding interest accrued on the

* Rupees 26.43 lakhs, as balance of State share for the year 1992-93 was released during 1993-94. Rupees 1106.55 lakhs include Rs. 117.94 lakhs and Rs. 180 lakhs additional funds provided by the Government of India in March 1993 and March 1994 respectively

deposits made by *Panchayats* was not made available to Audit.

(ii)(a) Rupees 11.02 lakhs were paid to *Gram Panchayat Pradhans* between 1990-91 and 1993-94 in 10 blocks for execution of JRY works. Adjustment accounts of these advances had not been rendered by the *Pradhans* as of May 1994.

(b) In three districts², cement and CGI sheets valued at Rs. 5.63 lakhs, purchased out of JRY funds, were utilised on works other than the JRY works between 1990-91 and 1992-93. Similarly, in Kinnaur district, Rs. 3.28 lakhs were transferred from JRY to other schemes during 1990-91 and 1991-92. The amount had not been recouped as of May 1994.

3.1.8 Employment generation

Year-wise targets fixed for employment generation and achievements thereagainst as reported by the Director-cum-Additional Secretary, Rural Development Department were as under:

Year	Targets	Achievements	Excess(+)/Shortfall(-)
		(Mandays in lakhs)	
1989-90	32.04	37.86	(+)5.82
1990-91	33.68	35.86	(+)2.18
1991-92	33.90	34.16	(+)0.26
1992-93	29.77	28.39	(-)1.38
1993-94	33.73	34.54	(+)0.81

Test-check revealed that no records indicating the number of persons employed and the employment generated in terms of mandays were available in the blocks as also with the *panchayats*. The achievements of employment generation were worked out by dividing 50/60 *per cent* (normative wage component) of the total expenditure by the minimum wage rate. It was, however, noticed that the actual wage component in Dharampur, Khandaghat and Solan blocks of Solan District during 1993-94 worked out to 77,961 mandays against 1,26,438 mandays shown to have been generated by them. Thus the achievements were inflated by 62 *per cent* in these three blocks.

(i) Excess expenditure on material

The programme provided that 50 *per cent* up to 1989-90 and 60 *per cent*

thereafter of the total expenditure on JRY works would be incurred on wages. Scrutiny of connected records in the blocks, however, revealed that in 11 blocks of 3 districts³, expenditure on wages ranged between 22 and 31 per cent only during 1989-94 whereas expenditure on material far exceeded the limit of 50/40 per cent as detailed below which eroded the level of employment generation to that extent.

Year	Total expenditure	Expenditure on wages (per cent)	Expenditure on material (per cent)
		(Rupees in lakhs)	
1989-90	3.38	0.92 (27)	2.46 (73)
1990-91	12.00	3.44 (29)	8.56 (71)
1991-92	9.84	3.05 (31)	6.79 (69)
1992-93	10.66	2.34 (22)	8.32 (78)
1993-94	9.49	2.35 (25)	7.14 (75)
Total:	45.37	12.10(26.67)	33.27(73.33)

Reasons for these variations were not intimated (June 1994).

(ii) Execution of works through contractors

Engagement of contractors for execution of works under the programme was prohibited. Contrary to this, 20 works were executed at the expenditure of Rs. 9.53 lakhs through contractors by four blocks⁴.

(iii) Incomplete muster-rolls

Details regarding status of the worker viz., if belonging to scheduled castes/tribes, landless, etc., were required to be mentioned in the muster rolls issued for the works executed under JRY. No such details were found recorded in any of the muster rolls issued by the *panchayats* in the blocks subjected to test-check. It was, thus, not possible to verify the category-wise employment generated.

³ Bilaspur (Ghumarwin, Jhandutta); Mandi (Chauntra, Darang, Gohar, Mandi, Rewalsar, Sundernagar) and Solan (Dharampur, Khandaghat, Solan)

Ghumarwin, Kalpa, Mandi and Pooh

(iv) Employment of outside labour

The primary objective of the programme was generation of additional gainful employment for the unemployed and under-employed persons in the rural areas of the *panchayats*. In Jubbal and Narkanda blocks of Shimla district, labourers from outside the State were irregularly employed for 2,045 days and paid Rs. 0.46 lakh during 1989-90 to 1993-94.

3.1.9 Distribution of foodgrains

The programme envisaged that not less than 2 kg of foodgrains would be provided per day to every labourer at the rates applicable under public distribution system. The foodgrains were to be allocated by the Government of India and then procured by the State Government from the Food Corporation of India.

Up to 1991-92, no foodgrains were allocated by the Government of India to the State for this purpose. Foodgrains allocated by the Government of India and lifted and utilised by the State Government during 1992-93 and 1993-94 were as under:

Year	Quantity allocated	Quantity lifted	Balance from the previous year	Quantity utilised	Variation Excess(+)/ Shortfall(-)
			(In tonnes)		
1992-93	4,500	2,986	--	366	(-)2,620
1993-94	6,700	1,834	2,620	3,140	(-)1,314
Total	11,200	4,820	2,620	3,506	

(i) It would be seen that against the allotment of 11,200 tonnes, only 4,820 tonnes of foodgrains were lifted by the State Government from the Food Corporation of India. The State Government attributed the shortfall to reluctance on the part of the workers to accept foodgrains as part of their wages.

(ii) The programme envisaged that sales tax or any other local taxes levied by any State Government on foodgrains supplied by the Food Corporation of India under the programme would be borne by the State Government from outside JRY funds.

Contrary to these provisions, the Project Officers of the 6 DRDAs subjected to test-check, paid Rs. 3.70 lakhs as sales tax on the foodgrains purchased and charged the expenditure to the programme.

3.1.10 Indira Awas Yojna

The scheme envisaged the provision of houses free of cost to the poor amongst scheduled castes (SC)/scheduled tribes (ST) and freed bonded labour. From 1993-94, the scheme was extended to the poor amongst the general category, also, subject to the condition that benefits provided to non-SC/ST poor people (excluding freed bonded labourers) did not exceed 4 per cent of the total allocation. Six per cent (revised to 10 per cent from 1993-94) funds under JRY were to be provided for this scheme.

The State Government was, however, providing cash assistance of Rs. 14,500 which was ceiling cost fixed by the Government of India for each house, to each beneficiary in 3 instalments in accordance with the progress of construction of houses instead of providing constructed houses.

The following table shows the details of funds released, funds utilised, targets and achievements under the scheme:

Year	Amount released	Amount utilised	Targets	Achievements
		(Rupees in lakhs)		(In numbers)
1989-90	69.21	73.31	576	648
1990-91	50.94	60.46	351	463
1991-92	50.92	49.15	351	379
1992-93	49.68	52.08	343	351
1993-94	94.22	84.37	809	629
	314.97	319.37	2,430	2,470

Test-check of the relevant records revealed as under:

The excess achievements over the targets during 1989-93 was due to spill over from the previous years under the erstwhile programme of RLEGP.

(i) In 18 blocks of four districts⁵, Rs. 19.83 lakhs had been provided to 212 beneficiaries for construction of houses during 1989-93. These houses had not been completed as of May 1994.

(ii) In Shimla district, Rs. 5.29 lakhs were provided out of the sanctioned amount of Rs. 7.31 lakhs for the construction of 54 houses by four blocks⁶ during 1991-94.

5 Hamirpur, Kinnaur, Mandi and Shimla

6 Chirgaon, Jubbal, Rampur and Rohru

The names of these beneficiaries, however, were not found included in the list of beneficiaries prepared by the Department after conducting the survey in 1991-92.

3.1.11 Million wells scheme

(i) Resources under JRY to the extent of 20 per cent (revised to 30 per cent from 1993-94) were to be earmarked for the implementation of million wells scheme at the State level to be allocated among the districts. The funds were to be utilised for open wells only. Where wells were not feasible due to geological factors, the amounts allotted under the scheme could be utilised for other schemes of minor irrigation, like irrigation tanks, water harvesting structures, etc. The scheme was also extended from 1993-94 to non-SC/ST poor small and marginal farmers subject to the condition that benefits in financial terms to the non-SC/ST (excluding small and marginal farmers belonging to freed bonded labour category) would not exceed 10 per cent of the total allocation under JRY.

The details regarding release of funds and utilisation thereof were as under:

Year	Funds released	Funds utilised	Balance
		(Rupees in lakhs)	
1989-90		No separate allocation was made	
1990-91	215.71	128.59	87.12
1991-92	138.56*	189.15	36.53
1992-93	221.45	185.35	72.63
1993-94	262.72*	260.88	74.47

Reasons for nonutilisation of funds were not on record.

According to the instructions issued by the State Government in April 1991, unit cost per irrigation tank having culturable command area (CCA) of one hectare was to be restricted to Rs. 0.10 lakh. In case the CCA was less than one hectare, the cash assistance was to be restricted to the actual cost or the cost proportionate to the CCA.

It was, however, noticed that in Solan district, assistance for the construction of irrigation tanks was provided to the beneficiaries by the Block Development Officers, Dharampur and Kandaghat during 1991-94 at the uniform rate of Rs. 0.17 lakh per hectare for 46 tanks, although the CCA in these cases was approximately one hectare in each case. This resulted in extra payment of Rs. 3.22 lakhs.

* The Government of India deducted Rs. 70.80 lakhs during 1991-92 and Rs. 79.16 lakhs during 1993-94 on account of excess carry over of funds

Similarly, assistance of Rs. 8.36 lakhs was provided for the construction of 47 tanks during 1990-94 in Solan block without verifying CCA of these tanks.

(ii) High density polythene pipes valued at Rs. 5.51 lakhs was purchased by four blocks⁷ of Shimla district during 1992-93 and 1993-94. Of this, pipes (cost: Rs. 5.19 lakhs) were issued to various *panchayats*. Details of utilisation of these pipes were not available with the blocks. The remaining pipes (cost: Rs. 0.32 lakh) were lying in the stores of blocks.

3.1.12 Social forestry

Under JRY, 25 per cent of the district level funds were required to be utilised for social forestry works in such a way that its benefits accrued to the rural community and more particularly to the rural poor.

The main purpose of social forestry scheme under JRY was to improve the tree cover and to generate rural employment. Planting of trees was permissible on road sides, canal embankments and degraded forest land if community land was not available. The entire produce from such lands was to be made available for community use under a general or specific order of the State Government. The details of the funds allocated and utilised on social forestry during 1989-90 to 1993-94 in the districts test-checked are given below.

Serial number	Name of the district	Funds allocated	Funds utilised	Balance
(Rupees in lakhs)				
1.	Bilaspur	3.86	3.86	--
2.	Hamirpur	7.14	5.00	2.14
3.	Kinnaur	3.15	1.90	1.25
4.	Mandi	0.20	0.20	--
5.	Shimla	11.18	8.17	3.01
6.	Solan	11.26	10.80	0.46
		36.79	29.93	6.86

Following points were noticed in the implementation of the scheme.

(i) The Project Officer, DRDA, Hamirpur paid Rs. 7.14 lakhs to the Divisional Forest Officer, Hamirpur, Assistant Soil Conservation Officer, Hamirpur and Block Development Officers, Bijhri and Hamirpur between 1989-90 and 1993-94. Of this, Rs. 2.14 lakhs were refunded to the Project Officer between March 1990 and September

1992 due to non-availability of suitable land for plantation of trees. Information relating to utilisation of Rs. 5 lakhs was not available with the Project Officer, DRDA, Hamirpur.

(ii) The Project Officer, DRDA, Bilaspur paid Rs. 3.86 lakhs to the Divisional Forest Officers, Bilaspur and Hamirpur during 1991-92 and 1992-93. The entire amount was utilised by the Divisional Forest Officers concerned on raising plantation on forest land. Government orders were, however, not issued to the effect that the entire produce of these trees would be made available for the community.

3.1.13 Other topics of interest

(i) A case against the former *Pradhan*, *Gram Panchayat*, Asrang (Kinnaur district) under Pooh block regarding alleged misappropriation of JRY funds of Rs. 1.39 lakhs was referred to the Superintendent of Police, Kinnaur in April 1994 by the Block Development Officer, Pooh. The connected records were not made available to Audit as these were stated to be in the custody of the police. Further developments of the case were awaited as of May 1994.

(ii) According to the instructions of JRY Manual, up to a maximum of 2 per cent of the annual allocations under the programme could be spent on administration/contingencies inclusive of the additional staff deployed in connection with the implementation of this programme.

It was noticed that funds to the extent of 2 per cent of the allocations under the programme were kept at the Directorate office for meeting such expenses. Out of this, funds were provided to the field offices for payment of salary of the staff appointed for the programme. No funds were, however, provided to the field offices for meeting contingent expenditure under the programme. In 7 blocks⁸ and in the office of the Project Officer, Kinnaur the expenditure of Rs. 3.26 lakhs incurred in addition to the prescribed limit of 2 per cent during 1989-94 on account of petrol, repair and maintenance of vehicles, wages of daily paid staff deployed in the offices of the Block Development Officers, etc., was irregularly charged to the programme.

(iii) The Project Officer, DRDA, Hamirpur paid Rs. 0.50 lakh during 1993-94 out of JRY funds as compensation to the widow of a labourer who had died in September 1982, prior to implementation of the programme.

8 Chirgaon (Rs. 0.05 lakh); Jubbal (Rs. 0.24 lakh); Kalpa (Rs. 0.34 lakh); Narkanda (Rs. 0.71 lakh); Rampur (Rs. 0.40 lakh); Rohru (Rs. 0.39 lakh) and Theog (Rs. 0.46 lakh) and Project Officer, Kinnaur (Rs. 0.67 lakh)

(iv) The programme was to be implemented only in rural areas and no funds relating to this programme were to be utilised in urban areas. Contrary to this provision, Rs. 6.95 lakhs were spent during 1989-94 by the Project Officer, DRDA, Shimla and the five Block Development Officers⁹ on works executed in urban areas.

(v) The programme envisaged that while preparing the annual action plan, incomplete works should be given priority over the new works. No work was to be taken up which could not be completed within two financial years.

In 9 blocks¹⁰ of Bilaspur and Mandi districts, 37 works, the construction of which had been started between 1989-92 and on which Rs. 10.25 lakhs had been spent were lying incomplete.

In four blocks¹¹, the construction of 5 works like buildings, link road, irrigation tank, etc., on which Rs. 1.61 lakhs had been incurred were abandoned due to dispute over land; thereby rendering the expenditure of Rs. 1.61 lakhs unfruitful.

(vi) The programme provided for construction of primary school buildings only in those villages which had sanctioned schools without buildings of their own.

In three blocks¹² of Kinnaur district Rs. 13.20 lakhs were sanctioned during 1991-92 (Rs. 4.20 lakhs) and 1993-94 (Rs. 9 lakhs) for the construction of 44 school buildings. These sanctions included 43 schools which had their own buildings and were not to be covered under the programme, while 25 schools which had no buildings of their own were not included in these sanctions. Of these 43 schools, the construction of additional rooms in 14 school buildings had been completed as of May 1994 at Rs. 4.20 lakhs. The remaining works were yet to be completed.

Similarly, in four blocks¹³ of Mandi district, Rs. 21.10 lakhs were spent on the construction of 46 school buildings, though these schools already had their own buildings.

9 Banjar, Kalpa, Rampur, Rohru and Solan

10 Bilaspur (Ghumarwin, Jhandutta and Solan); Mandi (Chauntra, Drang, Gohar, Sadar, Sundernagar and Rewalsar)

11 Ghumarwin, Mandi, Rewalsar and Theog

12 Nichar, Kalpa and Pooh

13 Chauntra, Drang, Rewalsar and Sundernagar

3.1.14 Monitoring

A schedule of inspection of works for each supervisory functionary was fixed in February 1990 by the State Government as under:

Serial number	Name of the functionary	Frequency of inspection
1.	State headquarters	One district every month
2.	Deputy Commissioner/Additional Deputy Commissioner	5 inspections every month
3.	Project Officer/ Deputy Project Officer/District Audit Officer (<i>Panchayat</i>)	10 inspections every month
4.	Assistant Engineer (Development)	12 inspections every month
5.	Block Development Officer	15 inspections every month
6.	Junior Engineers	10 inspections every month to cover all the <i>panchayats</i>

No report regarding inspections conducted by these functionaries was made available to Audit. The Director-cum-Additional Secretary, Rural Development and *Panchayati Raj* stated (June 1994) that though there was no feed back from the field agencies about inspections and field visits, progress of works was reviewed at district and State levels in meetings every month.

3.1.15 Evaluation

Concurrent evaluation of the programme for the period from January 1992 and June 1992 was conducted by the Government of India. The irregularities of non-imparting of training, less expenditure on JRY works by *panchayats*, shortfall in deployment of women under the programme, delay in completion of works, irregular payment of wages to workers, etc., as pointed out in the evaluation report were circulated by the State Government amongst the Deputy Commissioners, Project Officers, DRDAs, etc., in July 1993. Remedial measures, if any, taken to guard against recurrence of these irregularities were, however, not made available to Audit

These issues were referred to Government in August 1994; reply has not been received (October 1994).

3.2 Unfruitful expenditure

Administrative approval and expenditure sanctions for construction of *patwarkhana* building, Chapproh and primary school building, Mairi (Una district) were accorded by the Deputy Commissioner, Una in 1983-84 and 1988-89 for Rs. 0.45 lakh and Rs. 0.52 lakh respectively. The buildings were to be constructed by the Block Development Officer, Amb and were to be completed within one year from the date of sanction of the estimates.

Construction on *patwarkhana* and primary school buildings was started in September 1986 and August 1988 and an expenditure of Rs. 0.92 lakh had been incurred as of March 1990. The commencement of the work of the *patwarkhana* was delayed due to non-availability of site. The two works were held up from June 1989 and March 1990 respectively for want of funds. The BDO, Amb stated (July 1994) that Rs. 1.40 lakhs would be required for the completion of these buildings, which were not provided as of July 1994. In the meantime, Rs. 0.03 lakh were paid as rent for *patwarkhana*, Chapproh from January 1987 to June 1994.

Thus, not only has the expenditure of Rs. 0.92 lakh incurred on these buildings remained unfruitful for 4 to 5 years, the intended purpose of providing accommodation to the *Patwari* and the school children too could not be achieved.

The matter was referred to Government in May 1994; reply has not been received (October 1994).

Horticulture Department

3.3 Endemic Area Control Scheme (apple scab)

3.3.1 Introduction

Apple is major fruit crop of Himachal Pradesh. It is grown in 8 out of 12 districts¹ of the State over an area of 70,000 hectares and about 3 lakh tonnes of apple are being produced in the State every year.

Scab disease to apple plants and fruit is a world wide phenomenon. It is a known fact that apple and scab co-exist. This disease cannot be eradicated but can be kept under check by adopting control measures. Apple scab was initially detected in 1977 in a limited area of 40 hectares in 3 districts². It spread gradually to the whole apple growing area of the State. For controlling apple scab 'Endemic Area Control Scheme (apple scab)', a Centrally sponsored scheme, was introduced in the State during 1977. The main objectives of the scheme were:

preparation of apple scab spray schedule annually for the guidance of the apple orchardists;

The abbreviations used in this review have been listed in the Glossary in Appendix XIV (Page 180)

1 Chamba, Kangra, Kinnaur, Kullu, Mandi, Shimla, Sirmour and Solan

2 Kullu, Mandi and Shimla

- to keep the disease under economic thresh-hold by advising the apple orchardists to adopt timely control measures; and
- to provide anti-scab fungicides to the orchardists at subsidised rates (50 per cent).

Up to 1991-92, the procurement and supply of fungicides for control of apple scab was being undertaken by Horticulture Department. Subsequently, the procurement of fungicides was transferred to the Himachal Pradesh State Agro-Industries Corporation- a State Government Undertaking from 1992-93. The sale of fungicides to the orchardists was, however, entrusted to the field functionaries of the Horticulture Department, sale centres of Himachal Pradesh State Agro-Industries Corporation and two other State Government Undertakings (The Himachal Pradesh State Co-operative Marketing and Consumers Federation and the Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Limited). The subsidy on fungicides is paid by the Horticulture Department through the Agro-Industries Corporation.

3.3.2 Organisational set up

The scheme was implemented under the overall supervision of the Director, Horticulture and the District Horticulture Officers (DHOs) were responsible for its implementation in the districts in consultation with the Senior Plant Protection Officer, Shimla. At the field level, the scheme was being implemented through the net work of Assistant Development Officers in the Blocks. Director, Horticulture functions under the administrative control of the Additional Chief Secretary-cum-Secretary (Horticulture Department).

3.3.3 Audit coverage

Implementation of the scheme during the period 1989-90 to 1993-94 was reviewed in audit during November 1993 to March 1994 based on test-check of the records of six District Horticulture Officers³, supplemented by scrutiny of the records of the Directorate of Horticulture and Senior Plant Protection Officer, Shimla. Important points noticed as a result of a test-check are embodied in the succeeding paragraphs.

3.3.4 Highlights

Central assistance of Rs. 97.44 lakhs due up to 1991-92 has not been

reimbursed by the Central Government. Actual amount of beneficiaries' share for the supply of fungicides due and received from the orchardists had not been reconciled by the Department.

(Paragraph 3.3.5)

There was a substantial shortfall in the area covered by spraying of fungicides for the control of apple scab during three of the five years 1989-90 to 1993-94, the shortfall ranging from 34 to 44 *per cent*.

(Paragraph 3.3.6)

There was no effective co-ordination by the Senior Plant Protection Officer in the supply of fungicides to the field units. It resulted in accumulation of fungicides with certain units, the shelf-life of which expired before use.

Fungicides valued at Rs. 36.09 lakhs were sold without verifying the title of the beneficiaries.

(Paragraph 3.3.7)

Scabicide a particular type of fungicide was not approved for use but was procured by the Himachal Pradesh State Agro-Industries Corporation at the cost of Rs. 54.50 lakhs. On this the Corporation was also paid subsidy amounting to Rs. 27.25 lakhs. Further 1,944 kgs of this fungicides were sold to the orchardists.

(Paragraph 3.3.8)

Fungicides valued at Rs. 1.32 lakhs, the shelf-life of which had expired were either used in departmental farms or were sold to the orchardists by three District Horticulture Officers, during 1990-94. Further, fungicides, with expired shelf-life were not sent to the suppliers for replacement free of cost as per terms of contract.

(Paragraph 3.3.9)

Shortage of fungicides valued at Rs. 15.34 lakhs had neither been reconciled nor recovered.

(Paragraph 3.3.10)

No evaluation had been done to know the overall impact of the scheme which has been in operation for 17 years.

(Paragraph 3.3.12)

3.3.5 Financial performance

Up to 1991-92 the scheme was financed by the State and the Central

Governments on equal sharing basis. Thereafter, the scheme was fully financed by the State Government.

Details of the funds provided by the State Government and the Central Government, for providing subsidy, and the expenditure incurred thereagainst from 1989-90 to 1993-94 were as under:

Year	Budget provision	Expenditure	Excess(+)/Saving(-)
(Rupees in lakhs)			
1989-90	100.00	100.00	--
1990-91	59.36	63.24	(+)3.88
1991-92	105.00	91.30	(-)13.70
1992-93	150.99	151.00	(+)0.01
1993-94	122.00	123.02	(+)1.02
Total	537.35	528.56	(-)8.79

The following points emerged as a result of test-check

(i) Central assistance received for the scheme during the period 1989-90 to 1991-92 totalled Rs. 119 lakhs as against the expenditure of Rs. 254.54 lakhs. The balance share of Central assistance amounting to Rs. 8.27 lakhs and Rs. 89.17 lakhs already due up to March 1989 had not been reimbursed by the Central Government as on March 1994. The Government of India, however, released Rs. 25 lakhs in April 1994 for implementation of the scheme during 1993-94, the amount being equivalent to the amount released in 1991-92 as per decision of National Development Council.

(ii) Fungicides for the control of apple scab were procured and supplied to the orchardists at subsidy of 50 per cent. Funds were drawn under capital head of account to meet the expenditure on account of beneficiaries' share of fungicides. This head of account was subsequently cleared by recoupment of amounts received from the beneficiaries after sale of fungicides to them.

Rupees 292.69 lakhs were drawn by the Department to meet 50 per cent cost of fungicides during the period 1989-93 as detailed below:

Year	Amount drawn (Rupees in lakhs)	Amount recouped
1989-90	105.25	157.37
1990-91	67.77	133.44
1991-92	94.12	52.37
1992-93	25.55	12.46
	292.69	355.64

The amount drawn on this account was to be recouped by the Department after recovery from the orchardists as share of beneficiaries. Some amounts recouped during the years pertained to previous years. Correct details of the amount due from the beneficiaries and the amount actually recovered were, however, not available with the Department. The Senior Plant Protection Officer stated (May 1994) that the reconciliation had been completed up to 1986-87, but the results of reconciliation were not made available to Audit.

3.3.6 Physical performance

Specific targets for the supply of fungicides were fixed by the Department as the quantum of fungicide to be used differ from one fungicide to the other. Therefore, the targets were fixed for the area to be covered by spray operations keeping in view the age of the plants, weather conditions, etc. on the recommendations of the Spray Schedule Finalisation Committee.

The table below indicates the targets and achievements thereagainst for the spray of fungicides during the period from 1989-90 to 1993-94.

Year	Targets	Achievements	Shortfall	Percentage of shortfall
		(In hectares)		
1989-90	50,607	33,262	17,345	34
1990-91	60,729	34,081	26,648	44
1991-92	32,389	32,361	28	--
1992-93	32,389	33,603	--	--
1993-94	48,583	29,184	19,399	40

The shortfall in spray operations was attributed by the Director of Horticulture in May 1994 to less demand of fungicides and by the District Horticulture Officer, Nahan (January 1994) to low purchasing capacity of the orchardists.

3.3.7 Procurement and sale of fungicides

(i) Under the scheme, the Senior Plant Protection Officer procured the fungicides according to the demand from the field agencies. The Department was, however, not acting as an effective co-ordinator. In 21 cases, fungicides were supplied in excess of the quantity demanded and in 56 cases the material was supplied short of the quantity requisitioned by the 4 District Horticulture Officers⁴ during the period from 1989-90 to

1993-94. While one fungicide was supplied in excess of the quantity demanded by a DHO, the same fungicide was supplied short to another DHO. Further details are given in Appendix VI. While the effect of short supply of plant protection material was not known, the excess supply of material to the field units resulted in accumulation of material. The excess supply of fungicides in certain cases resulted in the expiry of shelf-life of fungicides as pointed out in paragraph 3.3.9.

(ii) According to the procedure prescribed, fungicides were to be sold to the holder of anti-scab fungicides distribution cards at the prescribed sale centres where the cards had been registered so as to avoid misuse of subsidy and injudicious use of pesticides.

It was, however, noticed that fungicides (cost: Rs. 13.21 lakhs) were sold to orchardists without the distribution cards by five District Horticulture Officers⁵ during 1989-94 at subsidised rates.

Similarly, fungicides (cost: Rs. 22.88 lakhs) were sold to orchardists during 1989-94 by three District Horticulture Officers⁶, and the Senior Plant Protection Officer, Shimla directly and not through the prescribed sale centres at subsidised rates.

The subsidised sale of fungicides (cost: Rs. 36.09 lakhs) was, thus, without verification of the title of the beneficiaries.

(iii) Anti-scab fungicides procured under the scheme and required for sale to the orchardists at subsidised rates valued at Rs. 1.10 lakhs were sold by four District Horticulture Officers⁷ to other Government agencies who utilised the same for spray on plants other than the apple. Thus there was irregular diversion of fungicides meant for anti-scab disease.

3.3.8 Supply of unprescribed fungicides

The schedule for spraying different types of fungicides at various stages of the crop during the year is approved by the Spray Schedule Finalisation Committee of technical experts every year. During 1992, the fungicide 'Scabicide' had not been approved for spray by the expert committee. However, the Himachal Pradesh State Agro-Industries Corporation procured 'Scabicide' during 1992-93 valued at Rs. 54.50

5 Chamba, Mandi, Nahan, Shimla and Solan

6 Mandi, Shimla and Solan

Chamba, Nahan, Shimla and Solan

Agro-Industries Corporation procured 'Scabicide' during 1992-93 valued at Rs. 54.50 lakhs instead of 'Dodine' for which the indents had been placed by the Horticulture Department according to the sanction of Government. Subsidy amounting to Rs. 27.25 lakhs at 50 *per cent* of the cost was also released to the Corporation by the Department during 1992-93.

Accordingly 3,942 kgs 'Scabicide' (cost: Rs. 21.48 lakhs) was supplied to the two District Horticulture Officers⁸ during April 1992 in place of 'Dodine' by the Himachal Pradesh State Agro-Industries Corporation. The Senior Plant Protection Officer directed (April 1992) the District Horticulture Officers, Kullu and Shimla not to supply 'Scabicide' to the orchardists as the registration of that fungicide was under dispute with the Central Insecticide Board. While the entire quantity of 'Scabicide' received by the District Horticulture Officer, Kullu was supplied to the orchardists (April 1992: 1,644 kgs and April 1993: 300 kgs), the quantity received by the District Horticulture Officer, Shimla was returned to the Himachal Pradesh Agro-Industries Corporation.

The position regarding utilisation of the unprescribed fungicide which remained with the Corporation was not known to the Department. The amount of Rs. 22.87 lakhs (subsidy: Rs. 21.95 lakhs and part of 50 *per cent* cost: Rs. 0.92 lakh) paid in advance to the Corporation was yet to be recovered.

Apart from the payment of irregular subsidy of Rs. 27.25 lakhs to the Corporation, the unprescribed fungicide was used by the orchardists in Kullu District.

3.3.9 Expiry of shelf-life of fungicides

As per rate contract 15 *per cent* of the stocks of fungicides remaining unsold or otherwise with expired shelf-life were required to be replaced by the suppliers free of cost at their own expenses. It was noticed that:

(i) Fungicides valued at Rs. 45.36 lakhs purchased during 1982-85 remained unutilised with the Department and the shelf-life of the same had expired. All these fungicides were stored at Kullu and Mandi by the Department. The fungicides required to be replaced by the suppliers free of cost in terms of the rate contract had not been sent to the suppliers for replacement as of March 1994.

(ii) Fungicides (cost: Rs. 1.32 lakhs), the shelf-life of which had expired, were either used in departmental farms or were sold to the orchardists during 1990-94 by

⁸

Kullu: 1,944 kgs (cost: Rs. 10.59 lakhs) and Shimla: 1,998 kgs (cost: Rs. 10.89 lakhs)

three District Horticulture Officers⁹.

3.3.10 Shortage of fungicides

Short account of fungicides (cost: Rs. 12.25 lakhs) was noticed in audit in the stock registers of the offices of five District Horticulture Officers¹⁰ relating to the period 1989-93.

In addition, fungicides (cost: Rs. 3.09 lakhs) were handed over short by the store-keeper of the office of the District Horticulture Officer, Shimla at the time of his transfer in November 1992. Disciplinary proceedings were initiated against the official concerned in May 1993. Further developments were awaited as of March 1994.

3.3.11 Inadmissible payment of handling charges

Handling charges at the rate of 5 per cent were charged from the beneficiaries by the Department against sale of fungicides. However, handling charges of Rs. 0.69 lakh recovered by the District Horticulture Officer, Shimla during 1992-93 and 1993-94 were paid to the Himachal Pradesh Agro-Industries Corporation between March 1993 and September 1993 although sales in these cases were handled by the Department and not by the Corporation. This payment was thus not admissible to the Corporation.

3.3.12 Monitoring and evaluation

The sale agencies were required to furnish monthly reports to Government regarding utilisation and sale of different fungicides. No such reports were received from the Himachal Pradesh State Agro-Industries Corporation, which is the nodal agency for the sale of fungicides under the scheme.

The scheme provided for gearing up the organisational machinery for plant protection measures to build up proper evaluation machinery in the State in order to ensure that the objectives of the scheme are realised/fulfilled. For this purpose, a team comprising a representative each from the Directorate of Horticulture, the Horticulture University and the Directorate of Plant Protection, Quarantine and Storage were to be constituted. Although periodical reports regarding treating the area under the scheme were being submitted by the Directorate of Horticulture by associating the

9 Chamba: Rs. 0.16 lakh; Kullu: Rs. 0.04 lakh and Shimla: Rs. 1.12 lakhs

10 Chamba: Rs. 0.66 lakh; Kullu: Rs. 9.16 lakhs; Nahan: Rs. 0.67 lakh; Shimla: Rs. 1.70 lakhs and Solan: Rs. 0.06 lakh

representatives from the Horticulture University and the Departmental Officers, no consolidated survey for the entire State had been conducted to know the overall impact of the scheme which has been in operation for 17 years.

These points were referred to Government in July 1994; reply has not been received (October 1994).

Revenue Department

3.4 Financial Management in District Collectorates

Deputy Commissioner (DC) is an important functionary of Government at the District level. Besides looking after general administration of the District, the DC also acts as Collector and is responsible for planning and implementation of certain developmental schemes in the District.

Certain important points noticed in the course of test-check of the records of the DC offices during April 1993 to June 1994 relating to financial management are mentioned in the following paragraphs:

(i) Drawal of funds in advance of requirements

Financial rules of the State stipulate that money should not be drawn from the treasury unless required for immediate disbursement or for the recoupment of funds out of any permanent advance. Any unspent balance is required to be refunded promptly into the treasury. It was ordered by the Finance Department in May 1989 that all funds drawn for the implementation of various schemes and programmes like district planning, relief from distress caused by natural calamities, Ahmed Nagar experiment, etc. should be kept in personal ledger accounts, to be opened with the treasuries after obtaining necessary permission from Government.

It was noticed that funds drawn under drought relief, local district planning and Ahmed Nagar experiment programme during the period 1992-93 and 1993-94 by various Drawing and Disbursing Officers working under the DCs (except DCs, Lahaul and Spiti and Kinnaur) were kept in bank-accounts instead of personal ledger accounts. The cash balance in these accounts ranged between Rs. 3.57 crores and Rs. 13.26 crores during this period. On the other hand, the minimum cash balance of the State required to be kept with the Reserve Bank of India could not be maintained and the State Government had to take recourse to overdraft for 232 days and 218 days and pay interest amounting to Rs. 1.55 crores and Rs. 2.96 crores during 1992-93 and 1993-94 respectively. Thus, non-observance of the prescribed procedure/financial rules resulted

in reduction in cash balances of the State Government and ultimate payment of interest.

(ii) Utilisation of receipts towards expenditure

Financial rules prohibit the utilisation of receipts towards expenditure of Government. The Financial Commissioner-cum-Secretary(Revenue), however, clarified in a meeting of senior Revenue Officers held in June 1990 that receipts on account of interest could be utilised on relief works. This was in disregard to the provisions contained in financial rules.

The Deputy Commissioners, Kangra and Shimla utilised Rs. 26.83 lakhs out of Rs. 30.54 lakhs as interest accrued on bank deposits between 1986-87 and 1993-94 leaving Rs. 3.71 lakhs only in the banks. Similarly, interest amounting to Rs. 3.57 lakhs earned on bank deposits by the DCs, Chamba, Kinnaur and Sirmour during 1991-92 to 1993-94 was also lying in the bank accounts. These amounts have not been deposited into the treasuries.

(iii) Diversion of funds

(a) A sum of Rs. 44 lakhs was provided to 3 DCs¹ during 1991-92 and 1992-93 for restoration of rain damages. According to the instructions of Government on implementing relief measures, emphasis was to be laid on repairs and restoration of damaged works. It was, however, noticed that Rs. 21.15 lakhs were spent irregularly on new works such as construction of police barracks, stores, *chowkidar* hut, school buildings, etc.

(b) A sum of Rs. 2 lakhs was provided to the DC, Solan in July 1992 for transportation of drinking water in drought affected areas. Of this, Rs. 0.62 lakh were spent for transportation of water and the remaining amount of Rs. 1.38 lakhs was utilised on repair and construction of water sources, installation of hand pumps, etc.

(iv) Non-disbursement of war jagir

According to Himachal Pradesh War Awards Act, 1972, war *jagir* at the rate of Rs. 300 per annum is payable twice in a year (February and August) to the parents whose children had served or are serving the armed forces. Rupees 3.36 lakhs were drawn by the DCs, Kangra, Solan and Una between February 1985 and February 1992.

1

Kinnaur (Rs. 19 lakhs), Lahaul and Spiti (Rs. 10 lakhs) and Solan (Rs. 15 lakhs)

The amount had not been disbursed to the payees. The DCs Solan and Una stated that the amounts could not be disbursed due to non-availability of whereabouts of certain persons and in certain cases for want of death certificates for enabling the Department to disburse the amounts to their legal heirs.

(v) Doubtful utilisation of funds

The DC, Kangra provided Rs. 2.39 lakhs to the Block Development Officer, Indora between January 1990 and May 1991 for construction of 3 primary school buildings. The Block Development Officer furnished utilisation certificates for Rs. 2.39 lakhs in October 1992. Spot inspection of the works conducted in 1993 by the Additional Deputy Commissioner, Kangra, however, revealed that no school building had been constructed at two of the three places, on which an expenditure of Rs. 1.59 lakhs was stated to have been incurred. The Block Development Officer was asked by the Additional Deputy Commissioner in August 1993 to clarify the position. Further developments were awaited as of April 1994.

(vi) Irregular expenditure

The funds provided for the implementation of Ahmed Nagar experiment in collectorates were to be spent on specified items approved by the State Government. An amount of Rs. 3.20 lakhs was, however, spent by 5 DCs² during 1990-93 on acquiring unspecified items like type-writers, duplicating machines, curtain cloth, carpets, etc.

(vii) Alleged misappropriations

(i) The following irregularities in the maintenance of the cash books in the office of the DC, Chamba were pointed out in audit conducted between February 1992 and April 1992:

- (a) non-attestation of entries in the cash book by the Disbursing Officer;
- (b) non-verification of cash balance at the end of the month by the Head of Office;
- (c) incorrect totals of the cash books;
- (d) keeping heavy cash balances; and

- (e) non-working out of details of undisbursed amounts at the end of the month.

It was further noticed that non-observance of the prescribed procedures in the maintenance of the cash books by the office of the DC, Chamba resulted in alleged misappropriations as discussed below:

(a) A cheque for Rs. 1.50 lakhs was issued on 2 May 1992 by the Relief Branch of the office of the DC, Chamba in the name of the District *Nazir* of the same office for onward transfer of the amount to the Sub-Divisional Officers(Civil), Dalhousie (Rs. 1 lakh) and Pangî (Rs. 0.50 lakh) through bank drafts. Instead of getting the bank drafts prepared in the name of the concerned Sub-Divisional Officers, the District *Nazir* encashed the cheque on 20 July 1992. The cash was not accounted for in the cash book by the District *Nazir* nor was the amount transferred to the concerned Sub-Divisional Officers.

(b) Consequent upon his transfer from *Nazarat* Branch to another branch in the office, the DC, Chamba ordered the District *Nazir* in December 1992, to hand over the charge of cash on 5 February 1993 after availing leave from 23 December 1992 to 4 February 1993. He handed over only Rs. 187.13 against the cash balance of Rs. 6,75,435.14 shown in the cash book on the date of handing over. Scrutiny of the cash-book undertaken by Audit during September-October 1993 also revealed that the actual cash balance on 5 February 1993 worked out to Rs. 6,91,948.14 instead of Rs. 6,75,435.14. Thus, Rs. 6,91,761.01 were handed over short by the District *Nazir* to his successor in February 1993.

(c) Bank drafts and cheques are cash. Instead of accounting for the cheques/bank drafts received by the DC, Chamba in the cash book, a separate cash book was started for accounting of these valuables. This cash book had not been written from January 1991 to December 1992. During this period, 137 bank drafts/cheques for Rs. 8.47 lakhs were shown to have been received in lists of these valuables prepared by the office of the DC, Chamba. Of these, 67 bank drafts/cheques for Rs. 7.28 lakhs were shown disposed of on the lists. The disposal of the remaining 70 bank drafts/cheques amounting to Rs. 1.19 lakhs was not available even on the lists.

The District *Nazir* was dismissed from service in July 1993 on the basis of a departmental enquiry. The case was also referred to the Anti-corruption Department in January 1993. Further developments were awaited (April 1994).

(d) The cash book maintained by the *Naib-Tehsildar*, Sihunta (Chamba district) had been written up to 4 February 1993. The official responsible for handling cash and for the maintenance of the cash book was absconding from 18 June 1993. The matter

was reported to the police by the *Naib-Tehsildar* in July 1993. The almirah where the cash had been kept by the cashier was broken open on 23 August 1993. A sum of Rs. 6,332.50 only was found there. The actual cash balance worked out by Audit in September-October 1993 according to the transactions, totalled Rs. 35,842. Thus, Rs. 29,509.50 were found short on 23 August 1993. Further developments of the case were awaited (April 1994).

(ii) Scrutiny of records of the DC, Shimla during November 1993 revealed that Rs. 9.93 lakhs paid by the Sub-Divisional Officer (Civil), Chopal and the Block Development Officers, Chopal and Mashobra between July 1992 and July 1993 had not been accounted for in the office of the DC, Shimla.

Similarly, Rs. 3.66 lakhs remitted by the DC, Shimla to the Sub-Divisional Officer, Chopal and the Block Development Officers, Mashobra, Narkanda and Rampur during December 1992 to July 1993 were not found accounted for in their cash books.

The discrepancies had not been reconciled as of May 1994.

These issues were referred to Government in August 1994; reply has not been received (October 1994).

Health and Family Welfare Department

3.5 Underutilisation of equipment

For analysing the samples of narcotics, intoxicants, poisons, medical drugs, food articles, liquor, etc., accurately and rapidly, two sophisticated machines were imported in January 1990 at the total cost of Rs. 13.91 lakhs. The machines were installed in the Composite Testing Laboratory, Kandaghat (Solan district) in December 1990. However, although over 5,000 samples of liquor and 100 samples of narcotics, etc., were received in the laboratory annually, these machines were used only for analysing 25 and 35 samples of liquor and narcotics respectively during December 1990 to November 1991. The machines had not been utilised at all since December 1991 as of March 1994. The Department stated (August 1993 and April 1994) that the machines could not be utilised due to shortage of staff and non-availability of reference standards. The Director of Health Services further stated (August 1994) that the posts could not be filled up due to non-availability of technical staff and ban on fresh recruitment imposed by Government.

The investment of Rs. 13.91 lakhs thus remained idle. Further, the intended purpose of analysing the samples in the laboratory were not achieved.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

3.6 Idle investment on building

For providing additional accommodation in the District Hospital, Dharamsala on its upgradation as Zonal Hospital, the construction of the Phase-II of hospital building Block 'C' was completed in March 1992 by the Public Works Department (PWD) at the cost of Rs. 167.98 lakhs. Ground and first floors and half of second floor of the building were being used as children, female and special wards. The other half of the second floor and the third floor which had been completed at the cost of Rs. 62.99 lakhs approximately were handed over by the PWD in April 1992 but these were lying vacant. The Senior Medical Officer, Zonal Hospital, Dharamsala stated (June 1994) that this portion of the building could not be utilised as additional beds could not be started in the Zonal Hospital due to non-sanctioning of staff to the extent requisitioned by the Chief Medical Officer, Dharamsala and due to shortage of equipment. The Director of Health Services stated (August 1994) that against the requisition of 165 posts of 44 categories, 30 posts of 7 categories had been sanctioned by Government. Consequently, the investment of Rs. 62.99 lakhs was lying idle.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

3.7 Expenditure on idle staff

Two posts of washermen were sanctioned by Government in November 1968 for the District Hospital, Kullu. These posts were not operated up to February 1986. One washerman was recruited by the Chief Medical Officer (CMO), Kullu in March 1986. His services were, however, not utilised as of May 1994 for washing linen of the hospital due to non-availability of facilities like *dhobighat*, running water and drying place. In the meantime, besides paying Rs. 1.39 lakhs on the salary of the washerman for the period from March 1986 to March 1994, expenditure of Rs. 1.82 lakhs was incurred on washing the clothes of the hospital from April 1986 to March 1994 from private washermen. No action had been taken either to transfer the washerman to some other needy unit or to create facilities for utilising the services of the washerman. The CMO, Kullu stated (May 1994) that the services of the washerman were utilised for washing linen used in the operation theatre during family planning camps and partially in general outside patient department of the hospital. The plea of the CMO was not tenable as the facilities for washing the clothes were not available and the work of washing the clothes was undertaken by private washermen.

There was, thus, no justification for appointment of the washerman without creating the requisite facilities. The appointment resulted in unfruitful expenditure of Rs. 1.39 lakhs on salary, even as the additional expenditure of Rs. 1.82 lakhs was incurred on washing of clothes.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

3.8 Avoidable expenditure due to defecting planning

To provide health coverage to rural people, two sub-centres¹, were sanctioned in March 1989 by the State Government under the Primary Health Centre, Mashobra (Shimla district) for which two posts of Female Health Workers were sanctioned in April 1989. Of the two sub-centres, only one started functioning at Bushail (Motibag) in June 1992 and the other one could not be started as of April 1994 owing to non-availability of suitable accommodation in the area. In the meantime, the Female Health Workers posted in June 1989 against these sub-centres were paid salary totalling to Rs. 2.59 lakhs² from June 1989 to May 1992 in one case and June 1989 to March 1994 in another case.

On this being pointed out in Audit (December 1993) the Block Medical Officer, Mashobra stated in December 1993 that the services of these Female Health Workers were utilised in the Maternal and Child Health Care Centre, Mashobra. The plea of the Block Medical Officer was not tenable as there was no vacancy of Female Health Worker in the Maternal and Child Health Centre, Mashobra during that period.

The delay in starting the sub-centre and posting of staff before creating suitable infrastructure resulted in non-provision of the intended health care to the villagers besides incurring avoidable expenditure of Rs. 2.59 lakhs on the staff.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

Industries Department

3.9 Idle investment

Eighty six industrial plots and 10 sheds were developed by the Department in the Industrial Area, Tahliwala (Una district) during 1987-89 at the total cost of

¹ Bushail (Motibag) and Dhar (Tutikandi)

² Bushail: Rs. 0.90 lakh, Dhar: Rs. 1.69 lakhs

Rs. 44.21 lakhs (plots: Rs. 33.35 lakhs and sheds: Rs. 10.86 lakhs) for allotment to industrialists.

Of the 86 industrial plots, only 40 were allotted to 20 entrepreneurs during 1988-94. Forty six plots, which were developed at Rs. 17.84 lakhs were, thus, lying vacant resulting in idle investment.

Out of 10 sheds, only 3 were allotted between February 1991 and October 1992. Of these, allotment of 2 sheds was cancelled (December 1992 and February 1994) for non-compliance with the conditions of allotment. The third unit was not functioning properly and rent amounting to Rs. 0.45 lakh pertaining to the period from June 1991 to March 1994 had not been recovered from the industrial unit. Thus, 9 industrial sheds constructed at a cost of Rs. 9.77 lakhs were lying vacant.

The General Manager, District Industries Centre, Una stated (June 1994) that the industrial plots/sheds were being allotted on receipt of demand from the industrialists. Efforts made to create demand were, however, not intimated.

In Kangra district, 14 industrial plots, out of 124 plots, developed at the cost of Rs. 39.85 lakhs in Sansarpur Terrace industrial area, could not be allotted as a high tension electric wire was passing over these plots. Proposal, if any, to utilise these plots for some other purpose was not intimated to Audit.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

3.10 Incomplete work

Construction of two type-III staff quarters at Palampur was administratively approved in March 1989 for Rs. 1.96 lakhs by the Director of Industries. The amount of Rs. 1.96 lakhs was drawn by the Technical Officer (Tea), Palampur in March 1989 and was remitted to the Block Development Officer, Panchrukhi by a bank draft for execution of the work. The Block Development Officer did not commence the work due to shortage of staff and returned the bank draft to the Technical Officer (Tea) in June 1989.

The amount was then deposited with the Public Works Division, Palampur in November 1989. Tenders for the work were invited by the Divisional Officer in July 1994 but the work has not been awarded as of July 1994. The delay in starting the work was attributed by the Divisional Officer in October 1993 to delay in handing over site by the Department and non-approval of site plan.

Delay in completion of the work not only resulted in depriving the staff of suitable accommodation but also in blocking up of funds for over 5 years.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

Education Department

3.11 Deficiencies in cash management

Financial rules of the State provide that every officer receiving money on behalf of Government should maintain a cash book in the prescribed form and all monetary transactions should be entered therein as soon as these occur. The Head of the Office is required to check totals of the cash book or have this done by some responsible subordinate other than the writer of the cash book. The cash balance at the end of each month is also required to be verified by the Head of the Office and a certificate recorded to this effect.

Audit scrutiny of the cash book of the Block Primary Education Officer, Nahan during January-February 1994 revealed the following irregularities:

(i) An amount of Rs. 7,84,833 drawn from the treasury from September to December 1993 was not entered in the cash book till January 1994.

Similarly, Rs. 5,395 received from the Centre Head Teachers (Rs. 2,801), Election Department (Rs. 1,526) and Government Treasury (Rs. 1,068) between August 1992 and July 1993 were not accounted for in the cash book till January 1994.

(ii) There was a difference of Rs. 1,14,890 in the closing balance as at the end of December 1993 between the amount of closing balance shown in the cash book (Rs. 100) and the closing balance worked out by Audit.

(iii) Rupees 938 were shown disbursed more than the amount drawn from the treasury in January 1993 (amount drawn Rs. 73,773, shown paid Rs. 74,711).

(iv) Salary and wages in respect of some persons were drawn twice and drawals against fake persons were made amounting to Rs. 13,273 between October 1992 and November 1993. A sum of Rs. 1,875 was recovered against double drawals from the cashier. The remaining amount of Rs. 11,398 had not been recovered.

(v) Office copy of the bill and the details of disbursements against Rs. 17,048 drawn from the treasury during 1993 on account of arrears of house rent allowance to retired officials were not made available to Audit.

(vi) The sum of Rs. 4,300 deducted from pay of 5 persons under pay roll saving scheme from December 1992 to June 1993 was not deposited with the Post Office in their accounts.

(vii) The closing balance worked out and certified by the Block Primary Education Officer from August 1992 to October 1992, December 1992 to April 1993 and June 1993 did not tally with the actual closing balances during these months as per the transactions in the cash book. The certification of cash balances was, therefore, not correct.

(viii) The cash book for the month of January 1994 had not been written till the date of Audit (February 1994).

The Block Primary Education Officer stated in February 1994 that he had been promoted from a teacher and had no knowledge of accounts. Action taken to reconcile the cash transactions and to recover the shortages of cash, if any, had not been taken as of June 1994 by the Department, even after the irregularities were pointed out in Audit during February 1994.

The matter was referred to Government in July 1994; final reply has not been received (October 1994).

3.12 Overpayments to the suppliers

According to the terms and conditions finalised by the Director of Education for the supply of books to the High and Senior Secondary Schools under the scheme 'Improvement of science education in schools', the books were to be supplied FOR destination. Alternatively, the books could be supplied to the zonal offices of the Department by deducting 3 *per cent* of the amount included in the supply order to meet the expenditure on carriage. It was noticed that supplies of books valued at Rs. 44.25 lakhs were received at Kangra and Shimla zonal offices during 1987-88. The amount of Rs. 1.33 lakhs required to be deducted as carriage charges was, however, not recovered by the Director of Education while making payment to the suppliers. The recovery had not been effected as of March 1994. Similarly an amount of Rs. 0.30 lakh paid by the Deputy Directors of Education, Dharamsala (Rs. 0.21 lakh) and Shimla (Rs. 0.09 lakh) during 1988-93 to the transporters against supplies of books was required to be recovered from the suppliers, but had not been recovered as of May 1994. The Director of Education stated (June 1994) that the Department was making efforts to recoup the expenses.

The matter was referred to Government in July 1994; reply has not been

received (October 1994).

3.13 Mismanagement of manpower

Government High School, Chandi (Solon district) was upgraded to Senior Secondary School in 1989. The sanction to start science classes was accorded in 1993 by the State Government. The Department, however, decided to start these classes in this school from 1994. Three laboratory attendants were posted in the upgraded school by the District Education Officer, Solon during April 1990 (2 attendants) and May 1990 (1 attendant) in anticipation of starting the science classes in the school. The science classes could not, however, be started as of academic session 1993-94. In the meantime, these attendants were paid a total amount of Rs. 3.04 lakhs as salary from April 1990 to May 1994 without utilising their services for the intended purpose.

On this being pointed out (February 1993) in audit, the Principal of the school stated (June 1994) that the services of the attendants were utilised for other allied jobs in the school and the science classes would be started from the academic session 1994-95 as science teachers had been posted in April 1994.

There was no justification in posting the laboratory attendants 4 years earlier than commencement of the classes. This resulted in infructuous expenditure of Rs. 3.04 lakhs.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

Forest Farming and Environmental Conservation Department

3.14 Unfruitful expenditure owing to non-acquisition of land

With a view to facilitating the transportation of forest produce by trucks, widening of 14 kilometres long Kilod-Lohani-Salooni jeepable road was taken up by the Churah Forest Division during 1985-86. The work was completed in the length of 13 kilometres from kms 1 to 14 at an expenditure of Rs. 5.56 lakhs from 1985-86 to 1990-91. The starting portion of the road in km 0/0 to km 1 had, however, not been widened due to a dispute over land. Private land falling in this reach had not been acquired to widen the road. The Conservator of Forests, Chamba stated (July 1994) that the construction in this portion could not be carried out until the land was acquired and compensation paid to the land owners. It was further stated that action was being taken by the Department to hand over this portion of road for acquisition of land and construction to the Public Works Department. The road length of 13 kms

widened at an expenditure of Rs. 5.56 lakhs could not be used for plying trucks due to non-completion of the work at the starting point. Besides, Rs. 1.40 lakhs were spent on the maintenance of the road during 1985-92.

The expenditure of Rs. 5.56 lakhs incurred without acquisition of land remained unfruitful and had not yielded the intended benefits.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

3.15 Wasteful expenditure on mules

Four mules were purchased during November 1988 at the total cost of Rs. 0.26 lakh by the Divisional Forest Officer (Wildlife), Sarahan from Lavi fair, Rampur for trekking in Pin Valley National Park, Tabo in Lahaul and Spiti district. Instead of sending the mules to Tabo, these were kept at Dofda Range from November 1988 to August 1989 and at Sangla from September 1989 to date of audit (August 1993) under the Wildlife Division, Sarahan.

While the mules were not utilised at all at Dofda, these were utilised for only 33 days at Sangla for census and inspection of works by the departmental officers. The mules were not transferred to Tabo due to adverse weather conditions and non-availability of fodder and shelter there. During the period from November 1988 to June 1994, Rs. 1.79 lakhs were spent on the upkeep of the mules. The Director, Pin Valley National Park requested the Additional Chief Conservator of Forests (Wildlife) in June 1993 to transfer these mules to some other Division or dispose them of. Further developments were awaited as of June 1994.

The purchase of mules for the Pin Valley National Park, Tabo, which was not in a position to receive the animals was, thus, ill-conceived and resulted in wasteful expenditure of Rs. 2.05 lakhs.

The matter was referred to Government in May 1994; reply has not been received (October 1994).

Agriculture Department

3.16 Loss on production of seed potato

For providing improved variety of seed potato to farmers, four¹ Seed Potato

¹

Dhurla, Kharala, Kharapather and Shilaroo

Development Stations have been established. The average yield of potato in the Potato Development Station, Kharapather (Shimla district) during the year 1992 was 54 quintals per *acre* and the yield in other Potato Development Stations in the region varied between 49 and 59 quintals per *acre*.

It was, however, noticed in audit (April 1994) that average per *acre* (total sown area: 10 *acres*) yield of potato in Potato Development Station, Kharapather during the year 1993 worked out to 24 quintals only. The reason mentioned by the Village Extension Officer in the crop register maintained in the Station was non-availability of fungicides in time. The consequent delay in spraying of fungicides resulted in damage to the crop by disease. The low yield of the potato by 300 quintals in the Potato Station resulted in loss of Rs. 1.35 lakhs (worked out on the basis of sale rate of seed potato, fixed by the Department).

The Regional Potato Development Officer, Shilaroo, stated (April 1994) that the low yield of potato in Potato Development Station, Kharapather could not be attributed to late spraying of fungicides alone as fungicides had been provided to all the Potato Development Stations at the same time. He, however, further stated that there could be other reasons like untimely planting, poor germination, drought conditions, negligence on the part of the field staff in not spraying the fungicides in time, etc. The matter had, however, not been investigated by the Department.

Improper management of the Potato Development Station resulted in loss of Rs. 1.35 lakhs.

The matter was referred to Government in May 1994; reply has not been received (October 1994).

3.17 Miscellaneous irregularities

Test-check conducted during May 1993 and May 1994 of the various units of the Agriculture Department revealed the following points:

- (i) The Financial Rules stipulate that money should not be drawn from the treasury unless it is required for immediate disbursement or for recoupment of funds out of any permanent advance. It is also not admissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time. Any unspent balance is required to be refunded promptly into the treasury.

In 5 units¹ funds aggregating Rs. 318.70 lakhs, drawn between May 1992 and March 1994 for execution of various schemes and development works, were kept in the banks in current accounts. Of this, Rs. 292.70 lakhs were drawn by the Director of Agriculture alone on 31 March 1994.

(ii) Funds totalling Rs. 99.52 lakhs paid by 10 units² to various officers/firms for execution of works during 1980-81 to 1993-94 had neither been adjusted nor recovered as of May 1994.

(iii) In three units³, accounts for Rs. 11.95 lakhs, paid to departmental officials for the execution of works during 1991-92 to 1992-93, had not been rendered as of November 1993.

(iv) Of the total allocation of Rs. 1001.71 lakhs under USAID scheme during the project period from 1985-86 to 1992-93, a sum of Rs. 923.73 lakhs only was utilised by the Department and the balance amount of Rs. 77.98 lakhs lapsed due to nonutilisation.

The Director of Agriculture stated (June 1993) that the main reason for nonutilisation of allocation was late receipt of financial sanction from the State Government.

(v) According to the rate contract entered into by the Controller of Stores for supply of plant protection equipment and agricultural implements, the rate per unit included sales tax also whereas no sales tax was payable on sale of such equipment/implements under the Himachal Pradesh General Sales Tax Act, 1968.

In three units⁴, agricultural equipments were purchased by the Department during 1991-92 and 1993-94 at the cost of Rs. 196.70 lakhs. Sales tax aggregating Rs. 8.03 lakhs was paid thereon which resulted in extra avoidable payment to the

1 Director of Agriculture: Rs. 292.70 lakhs
Deputy Director of Agriculture Bilaspur: Rs. 11.73 lakhs.
Deputy Director of Agriculture Palampur: Rs. 8.21 lakhs.
Assistant Soil Conservation Officer, Hamirpur: Rs. 4.59 lakhs and
Assistant Soil Conservation Officer, Rampur: Rs. 1.47 lakhs

2 Deputy Directors of Agriculture, Hamirpur, Mandi, Palampur, Shimla, Solan and Una; Assistant Project Officer, Kaza; District Agriculture Officer, Dharamsala; Assistant Soil Conservation Officer, Palampur and Superintendent Driller, Jassure

3 District Agriculture Officer, Sirmour: Rs. 3.82 lakhs; Shimla: Rs. 2.38 lakhs and Solan: Rs. 5.75 lakhs

4 Deputy Directors of Agriculture, Mandi, Bilaspur and Palampur

suppliers. The burden of this wrong payment was borne by the farmers to whom these items were sold.

The matter was referred to Government in August 1994; reply has not been received (October 1994).

3.18 Irregular payment of subsidy

Agriculture inputs like seeds, improved implements and plant protection materials are supplied to the scheduled castes/tribes and the farmers identified under *Antodaya* programme at 50 per cent subsidised rates. Test-check of the accounts of different units of the Agriculture Department revealed irregular payment of subsidy in the following cases.

(i) According to the guidelines issued by the Government of India on Central Sector scheme 'Special Foodgrains Production Programme Maize and Millets', for the supply of power drawn multicrop threshers, 25 per cent subsidy limited to Rs. 0.05 lakh per thresher was to be paid. There was no provision to supply maize shellers at subsidised rates.

In Bilaspur and Una districts, 465 maize shellers costing Rs. 12.79 lakhs were, however, supplied to the farmers at 50 per cent subsidised rates. This resulted in inadmissible payment of subsidy aggregating Rs. 6.39 lakhs.

(ii) Tractors of less than 18 horse power were to be purchased under a Central scheme for the promotion of agriculture mechanisation. These were to be distributed amongst the identified farmers having perennially irrigated land holdings of 6 to 8 acres individually. Thirty per cent subsidy, subject to the maximum of Rs. 0.30 lakh per tractor, was to be paid to each farmer. Preference in grant of subsidy was to be given to the farmers of the weaker sections of society belonging to scheduled castes/tribes and their groups. Under the scheme, as far as possible 22 per cent of the budget should reach these categories of farmers. For meeting the balance amount, loans were to be raised from the banks.

A sum of Rs. 5.70 lakhs was paid to 19 beneficiaries by 3 Deputy Directors of Agriculture (DDAs) (DDA, Una: 4 beneficiaries- Rs. 1.20 lakhs; DDA, Mandi: 4 beneficiaries- Rs. 1.20 lakhs; and DDA, Solan: 11 beneficiaries- Rs. 3.30 lakhs) during 1992-93 to 1993-94 for the purchase of tractors. Neither the title of the beneficiaries for the grant of subsidy as required in the scheme was verified nor were records maintained as to whether 22 per cent of the budget had actually gone to the farmers of the weaker sections. The subsidy amount of Rs. 3.30 lakhs was paid by DDA, Solan to

banks instead of through any para-statal organisations as required.

The matter was referred to Government in August 1994; reply has not been received (October 1994).

Home Department

3.19 Non-providing of fire stations in tribal areas

Remote areas of Lahaul and Spiti and Kinnaur tribal districts remain cut off during winter from other parts of the State. It was, therefore, not possible to provide fire fighting help from other adjoining fire stations in case of fire in tribal areas. Accordingly, Government decided (July 1988) to establish fire sub-stations at the District Headquarters of Lahaul and Spiti (Keylong) and Kinnaur (Rekong Peo). Sanction for the creation of posts for these fire sub-stations, sought by the Department in August 1988, had not, however, been received as of May 1994.

In the meantime, sanction of Rs. 17.88 lakhs was accorded in February 1991 (Rs. 17 lakhs) and March 1993 (Rs. 0.88 lakh) by Government for the purchase of fire fighting equipment for these sub-stations. A sum of Rs. 17.11 lakhs was spent on the purchase of equipment, their fabrication and accessories.

Audit scrutiny revealed as under

(a) Two chassis for water tenders were purchased during July 1991 at Rs. 6.64 lakhs, paid in March 1991 (Rs. 6.43 lakhs) and April 1993 (Rs. 0.21 lakh). The work of fabrication at the cost of Rs. 2.81 lakhs was assigned to a Delhi based firm in March 1991. The chassis were actually delivered to the firm during August 1991. The firm, however, refused to undertake work due to delay in handing over the chassis and also due to a dispute over inspection of the work by the departmental authorities although no date for handing over chassis had been mentioned in the agreement. Thereafter, the work was assigned to another firm of Delhi in September 1992 and completed during February-March 1993 at the cost of Rs. 3.68 lakhs. This resulted in extra expenditure of Rs. 0.87 lakh. No penalty could be levied on the firm in the absence of any penalty clause in the agreement.

(b) Two Jeep Fire Engine-chassis were purchased for Rs. 3.41 lakhs in May 1991. These were fabricated during January 1992 at Rs. 0.98 lakh.

(c) Accessories to fire fighting equipment costing Rs. 2.40 lakhs were received between May 1991 and May 1994.

However, the intended purpose of establishing the sub-stations in the remote

tribal areas could not be achieved even after incurring an expenditure of Rs. 17.11 lakhs as of August 1994. Government stated (December 1993) that the intended purpose could not be achieved due to financial stridency being observed by the State.

In August 1994, the Director General (Police)-cum-Commandant General, Home Guards-cum-Director of Civil Defence and Fire Stations stated that the equipment purchased for tribal areas were previously kept at Shimla and had since been issued to 13 Fire Stations¹.

The matter was again referred to Government in July 1994; final reply has not been received (October 1994).

Land Records Department

3.20 Blocking of funds

The Government of India approved in March 1991 a Centrally sponsored scheme for strengthening of revenue administration and updating of land records in the State at the cost of Rs. 220 lakhs. The scheme was to be financed equally by the Central and the State Governments. Funds provided were to be utilised strictly for the items approved by the technical committee of the Central Government and no deviation was to be made without prior consent of the Central Government.

On receipt of sanctions from the State Government, Rs. 220 lakhs were drawn (March 1992: Rs. 120 lakhs) and (March 1993: Rs. 100 lakhs) by the Director of Land Records and were deposited in a bank. Of this, a sum of Rs. 170.45 lakhs was spent up to March 1993; after that no expenditure was incurred. Test-check of the records of the Director of Land Records in July 1993 revealed the following irregularities.

(i) The scheme provided for the establishment of a Revenue Training Institute at the cost of Rs. 50 lakhs, of which Rs. 4.50 lakhs were to be spent on the purchase of furniture for the institute. It was, however, noticed that Rs. 4.45 lakhs were utilised during the year 1992-93 on the purchase of furniture for the district offices and the balance amount of Rs. 45.55 lakhs had not been utilised as of July 1994 as the site for construction of the institute had not been selected. This resulted in blocking of funds amounting to Rs. 45.55 lakhs and diversion of funds to the tune of Rs. 4.45 lakhs.

(ii) The scheme further provided for the purchase of four Theodolite machines at the cost of Rs. 28 lakhs. Rupees 14 lakhs each were remitted in September 1992 to the

¹ Bilaspur, Chamba, Dharamsala, Hamirpur, Kullu, Manali, Mandi, Nahan, Parwanoo, Rampur, Rohru, Shimla and Una

Settlement Officers, Shimla and Kangra. The machines had not been purchased by them for want of trained staff meant for their operation. The funds, therefore, remained unutilised (July 1994).

(iii) Rupees 12 lakhs were provided for the purchase of four Engineer Plan Printers. Only one printer (value:Rs. 3.25 lakhs) was purchased during 1991-92 and Rs. 5.69 lakhs were spent on the installation of EPBAX, purchase of electronic typewriter, coloured television, video cassette recorder, video cassettes, etc., which were not provided under the scheme. The balance amount of Rs. 3.06 lakhs was lying unutilised as of July 1994.

(iv) Utilisation certificate for Rs. 12.52 lakhs provided to the district offices for purchase of various items were awaited (July 1994).

(v) Rupees 49.55 lakhs were lying unutilised in the banks (July 1994).

The scheme had, thus, not been implemented fully according to the guidelines of the Central Government.

Government stated (August 1994) that the unspent amount would be utilised after selecting the site for the Revenue Training Institute.

General

3.21 Outstanding inspection reports

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit and not settled on the spot in the absence of complete replies are communicated to various heads of offices and higher departmental authorities through inspection reports. Serious and more important irregularities are also reported to heads of departments and Government. Half-yearly reports of inspection reports and paragraphs outstanding for more than six months are forwarded to Government to expedite their settlement.

At the end of June 1994, 19,868 paragraphs included in 5,505 inspection reports issued up to December 1993 in respect of various civil departments including Public Works (B&R), Irrigation and Public Health and Forest Farming and

Environmental Conservation Departments remains to be settled as indicated below:

Serial number	Name of department	Inspection reports (In numbers)	Paragraphs
1.	Civil Departments	4,295	15,128
2.	Public Works (B&R)	449	1,720
3.	Irrigation and Public Health	291	1,168
4.	Forest Farming and Environmental Conservation	470	1,852
Total		5,505	19,868

Of these, the year-wise break-up of the outstanding inspection reports and paragraphs in respect of Industries, Social and Women's Welfare and Arts and Culture departments which were selected for detailed analysis, issued up to December 1993 but not settled as on June 1994 was as follows:

Serial number	Period	Industries Department		Social and Women's Welfare Department		Arts and Culture Department	
		Inspection reports	Paragraphs	Inspection reports	Paragraphs	Inspection reports	Paragraphs
(In numbers)							
1.	Up to March 1988	65	138	22	93	5	17
2.	1988-89	12	14	8	12	1	6
3.	1989-90	13	41	18	29	7	19
4.	1990-91	13	46	11	13	2	8
5.	1991-92	17	53	23	47	7	26
6.	1992-93	13	44	23	103	1	4
7.	1993-94 (Up to December 1993)	16	112	26	117	7	42
Total		149	448	131	414	30	122

Replies to the inspection reports are required to be furnished to the Audit Office within a month of receipt of inspection report by the concerned office. Of the three aforementioned departments, there had been delay of two years in furnishing even first replies to one inspection report and 3 paragraphs by the Industries Department.

Some of the typical irregularities commented upon in the outstanding

inspection reports are broadly categorised below.

Serial number	Category of objection	Inspection reports (In numbers)	Paragraphs	Amount (Rupees in lakhs)
1.	Drawal of funds in advance of requirements/blocking up of funds	79	104	889.06
2.	Irregular expenditure for want of sanction, non-invitation of quotations, etc.	14	25	41.35
3.	Overpayments/non-recovery of rents and advances/miscellaneous recoveries	86	201	342.95
4.	Non-accounting/shortages of stores	14	46	77.88
5.	Misappropriation, losses, thefts, etc.	13	58	161.06
6.	Non-production of actual payees' receipts/utilisation certificates	6	30	449.56
7.	Idle machinery/staff	3	16	19.46
8.	Wasteful expenditure on works	2	20	425.90
9.	Irregular repair of vehicles	10	31	5.27
10.	Non-reconciliation of figures with treasury	1	4	0.10
11.	Non-production of records to Audit	6	19	32.52
12.	Defective execution of works	1	2	43.90
13.	Outstanding loans	9	53	450.26
14.	Diversion of funds	2	5	29.94
15.	Irregular payment on housing subsidy	5	19	17.51
16.	Avoidable expenditure	9	57	459.41
17.	Non-adjustment of contingent advances	5	30	74.20
18.	Non-recovery on account of attached vehicles	12	42	11.07
19.	Injudicious/irregular purchases	10	67	22.39

Some of the interesting points included in the outstanding inspection reports are briefly mentioned below.

(i)

Industries Department

Irregular expenditure on repair and maintenance of vehicles

The Financial Rules prohibit incurring of expenditure on repairs to vehicles in excess of their cost price without the specific sanction of the Finance Department. Expenditure of Rs. 3.42 lakhs was, however, incurred as of December 1993 by the Director of Industries on repair of three vehicles which were purchased during September 1976, August 1985 and April 1986 at Rs. 0.35 lakh, Rs. 0.80 lakh and Rs. 0.97 lakh respectively. The excess expenditure of Rs. 1.30 lakhs which was incurred without the approval of the Finance Department had not been regularised as of December 1993. Of these, one vehicle had been disposed of after condemnation and one more is also under the process of condemnation. The third one, which required minor repairs only had not been repaired as of August 1994.

(ii) Social and Women's Welfare Department**Irregular distribution of sewing machines**

Under *Antodaya* programme, sewing machines are supplied to the members of scheduled castes/scheduled tribes at subsidised rates in the following order of preference to enable them to earn their livelihood:

- (a) Persons who got diploma or certificate from the institutions recognised by Government.
- (b) Persons who have got regular training in the centres run by the voluntary organisations.
- (c) Persons who are well conversent with the trade but have not received any training from any such institutions as such.

The Tehsil Welfare Officer, Bharmour (Chamba district) issued 110 sewing machines costing Rs. 0.75 lakh during 1990-91 and 1991-92 without verification whether the beneficiaries fulfilled the requisite conditions.

The matter was referred to Government in August 1994; reply has not been received (October 1994).

3.22 Idle equipment

Different items of equipment acquired by Health and Family Welfare and Home Departments between December 1982 and January 1992 at the total cost of Rs. 20.23 lakhs had not been gainfully utilised for reasons such as non-posting of trained operating personnel and delays in repairs, etc. Relevant details in this regard have been furnished in Appendix VII.

Nonutilisation of equipment resulted in blocking of Government funds and also deprived the community at large of the services for which these were procured.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

3.23 Misappropriations, defalcations, etc.

The position of cases of alleged misappropriations, defalcations, etc. of the Government money, reported to Audit up to the end of March 1994 and final action on

which was pending as of June 1994 was as follows:

Particulars	Number of cases	Amount (Rupees in lakhs)
Cases reported up to 31st March 1993 and outstanding on 30th September 1993	119	52.53
Cases reported during 1993-94	6	2.46
Cases disposed till June 1994	8	0.90
Cases outstanding on 30th June 1994	117	54.09

Of these, 20 cases (amount involved: Rs. 4.74 lakhs) were outstanding for more than 20 years. Fifty cases involving Rs. 36.48 lakhs pertained to Public Works (B&R) Department, 45 cases involving Rs. 8.96 lakhs pertained to Irrigation and Public Health Department and 5 cases involving Rs. 1.35 lakhs to the Forest Farming and Environmental Conservation Department. Of the 100 cases outstanding in these three Departments, 76 cases (amount involved: Rs 36.42 lakhs) were awaiting completion of departmental investigations.

CHAPTER-IV

WORKS EXPENDITURE

Irrigation and Public Health Department

4.1 Unfruitful expenditure on irrigation schemes

(a) To provide irrigation facilities to the culturable command area of 95.14 hectares of land of Ambota village (Una district) construction of Lift Irrigation Scheme, Shivbari was administratively approved in March 1970 for Rs. 1.77 lakhs. The source of the scheme was a percolation well. The scheme was commissioned during 1976-77 after incurring an expenditure of Rs. 4.14 lakhs. Technical sanction had, however, not been obtained.

Test-check of the records of Irrigation and Public Health Division No.II, Una revealed (November 1993) that there was no technically expert agency in Himachal Pradesh when the scheme was approved. The advice of Central Ground Water Board, Chandigarh was also not obtained before selecting the site. The percolation well was constructed during 1976-77 but adequate discharge of water was not found in it. This had, thus, to be fed by constructing a 2 kilometres long channel from Swan river at a cost of Rs. 0.63 lakh. The construction of channel could help in raising the discharge to 1.5 cusecs (42.12 LPS) against the requirement of 2.5 cusecs (70.23 LPS). The lesser discharge of water at source resulted in providing low irrigation ranging from 0.48 to 31.77 per cent in the case of *Rabi* and 0 to 2.82 per cent in *kharif* crops between 1976-77 and 1991-92.

The Superintending Engineer, Una observed (April 1989) that the scheme had not been functioning satisfactorily due to limited discharge of water at the well. Besides, the arrangement made to tap water from Swan river by constructing 2 kilometres channel was proving costly and time consuming because of frequent damages to the channel every year. Expenditure of Rs. 6.46 lakhs had been incurred on the maintenance of the scheme from 1982-83 to 1992-93. The Superintending Engineer directed (June 1989) the Executive Engineer to submit the augmentation estimate for tapping water from a pond near the Shivbari bridge which was having sufficient water throughout the year. The augmentation estimate had not been submitted as of November 1993.

The Assistant Engineer, Gagret Sub-Division attributed (November 1993) the reduced discharge of percolation well to change of course of water to the left bank of Swan river during the floods in 1988. This plea is, however, not tenable as the scheme

had not been functioning properly *ab-initio*.

The failure of the Department to carry out proper investigations in selecting the source resulted in the targeted population being deprived of the benefits and the expenditure of Rs. 10.60 lakhs (cost of construction: Rs. 4.14 lakhs; maintenance: Rs. 6.46 lakhs) had largely remained unfruitful.

(b) Designed to provide irrigation facilities to 15.38 hectares of land of village Khurik, Lift Irrigation Scheme, Khurik (Spiti valley) was administratively approved in March 1985 for Rs. 5.56 lakhs. The work had already been taken up by Kaza Division in March 1984, in anticipation of administrative approval and technical sanction. Expenditure of Rs. 6.48 lakhs had been incurred on the construction of delivery tank, pump house (Rs. 2.94 lakhs) and arranging of cast iron pipes and other materials (Rs. 3.54 lakhs) for the rising main and distribution system as of June 1992.

After completion of the delivery tank and pump house by 1988-89, no work was physically done at site after March 1991. The Executive Engineer stated (July 1992) that the work had been stopped because the proposal to convert the lift irrigation scheme to flow irrigation scheme was under consideration. It was also stated (August 1994) that the lift irrigation schemes already constructed in the Spiti valley were not successful because of a number of factors. Final decision had not been taken as of August 1994.

Failure to ensure the suitability of lift irrigation scheme had thus resulted in the expenditure of Rs. 6.48 lakhs incurred on the scheme remaining unfruitful as of August 1994.

(c) To provide irrigation facilities to 14.17 hectares of land and drinking water facilities to the inhabitants of village Sumling, Water Supply-cum-Irrigation Scheme, Sumling in Spiti valley was administratively approved in February 1980 for Rs. 1.32 lakhs, subsequently revised to Rs. 3.02 lakhs in March 1982. The work had, however, been taken up by Kaza Division during 1978-79 and completed in 1983-84 at Rs. 3.29 lakhs.

Test-check of records of the division revealed (July 1992) that the scheme could not function due to bursting of galvanised iron pipes owing to extreme cold weather conditions. Since the scheme was not serving the desired purpose, it was decided (August 1989) to remodel it by constructing a separate water supply scheme after tapping an alternative source to meet the drinking water requirements. Remodelling work for providing drinking water alone was sanctioned (August 1989) for Rs. 0.19 lakh after affording credit of Rs. 1 lakh on account of the cost of dismantled GI pipes obtained from the existing scheme. The work commenced in October 1989 but

was stopped in December 1989 due to dispute over the source. Expenditure of Rs. 1.39 lakhs had been incurred on laying of HDP pipes. The Executive Engineer stated (July 1992) that the dispute was being resolved through negotiation. He further stated (August 1994) that the dispute had been resolved through negotiations. The reply was not tenable because written consent of villagers had not been obtained. The status of completion of remodelling work had also not been intimated.

The commencement of the work without ensuring that GI pipes could withstand the climatic effects and then remodelling the scheme from a disputed source, thus, resulted in the expenditure of Rs. 4.68 lakhs remaining unfruitful. The intended objectives were also not fulfilled.

(d) The field channel for feeding the sump well of Lift Irrigation Scheme, Jaisinghpur (Kangra district), completed during 1968-69 at Rs. 1.64 lakhs against the administrative approval for Rs. 1.24 lakhs accorded by the Government of Punjab prior to reorganisation of States (1966) had been filled up with sand and debris during 1978-79 thereby making the scheme defunct. In order to improve the scheme and make it functional, an estimate was administratively approved in February 1986 for Rs. 9.95 lakhs with stipulated period of completion of 6 months. The improvement work was taken up by Palampur Division in March 1986 and expenditure of Rs. 4.22 lakhs had been incurred up to March 1992 on advance payment (Rs. 2.10 lakhs) to Himachal Pradesh State Electricity Board for supply of power and on the construction of sump well and development of site for the pump house of 1st stage (Rs. 2.12 lakhs). The scheme was transferred to Thural Division in April 1992 on its creation and further expenditure of Rs. 0.21 lakh was incurred on the scheme between May 1992 and August 1993 without any physical progress. Technical sanction had, however, not been obtained (September 1993).

Audit of Thural Division revealed (September 1993) that due to injudicious selection of site for the construction of sump well and receding of water level of river Beas away from the sump well, further execution of work had to be suspended. The Chief Engineer, Dharamsala instructed (June 1993) the Superintending Engineer, Dharamsala to submit revised estimate within one month for improvement of the scheme on the basis of directions issued simultaneously. Non-achieving of any physical progress by the Division since April 1992 was attributed by the Executive Engineer to the non-finalisation of revised proposal and frequent fluctuations in the highest flood level of river Beas because of construction of Pandoh Dam and receding of water level away from the sump well constructed for the scheme.

The Executive Engineer stated (January 1994) that new proposal based on the recommendations of the Chief Engineer had been sent to the higher authorities in

January 1994. Further developments were awaited (August 1994).

Improvement of the scheme, lying defunct since 1978-79, had, thus, remained incomplete even after lapse of about 8 years, rendering the expenditure of Rs. 4.43 lakhs incurred thereon unfruitful.

(e) For irrigating 50.20 hectares of land, Lift Irrigation Scheme, Bhadyat (Bilaspur district) was administratively approved (March 1980) for Rs. 3.85 lakhs. The work, stipulated to be completed within a period of two years, was actually started by Bilaspur Division in March 1984 without obtaining technical sanction which had not been obtained as of July 1994. Expenditure of Rs. 1.57 lakhs had been incurred on the construction of pump house and sump well of the scheme up to November 1985. No work had been executed thereafter and the scheme was lying in an abandoned state.

In August 1987, the scheme was proposed by the Department to be executed under USAID programme. The proposal was, however, turned down (April 1989) by the Chief Engineer, Hill Areas Land and Water Development Project, Shimla on the plea that the cost per hectare was much more than the norms laid down under USAID Project. Evidently the scheme was left to be executed under State sector. The Executive Engineer attributed (October 1993) the suspension of work after 1985-86 to non-availability of funds. However, funds to the tune of Rs. 3.63 lakhs had been provided for the work from 1979-80 to 1985-86, against which only Rs. 1.57 lakhs were spent. Thus the Department was unable to utilise the funds provided till suspension of the work.

Non-completion of the scheme in time, despite availability of sufficient funds, thus resulted in the expenditure of Rs. 1.57 lakhs remaining unfruitful and denial of intended benefits to the beneficiaries.

These points were referred to Government in July 1994; reply has not been received (October 1994).

4.2 Unfruitful expenditure due to construction without technical survey

To provide potable water to the ultimate population of 1,076 persons and 195 students, construction of Lift Water Supply Scheme for Plasla Talao and adjoining villages (Bilaspur district) was administratively approved (March 1979) for Rs. 2.54 lakhs. The scheme was technically sanctioned for the same amount in February 1982. The source of the scheme was Plasla Nallah. The scheme, stipulated to be completed in two years, was commissioned during 1982-83 after incurring an expenditure of Rs. 3.66 lakhs.

According to the preliminary estimate, the scheme was designed to provide

intake works on the source from where water was to be diverted through 150-metres long galvanised iron pipes of 65-mm diameter up to the sedimentation tank and filter bed and then for lifting it through sump well-cum-storage tank for clear water. The detailed estimate, however, provided for the construction of a 6-metres deep percolation well of 6-metres diameter. The lean period discharge which was to be measured in the peak months of summer (May-June 1978) was actually measured in August 1978. Relying on local enquiry in regard to the availability of sufficient discharge in the lean months, the *nallah* source was finalised.

Test-check of records of Ghumarwin Division revealed (October 1993) that instead of following the provisions of the estimates, a percolation well of 3-metres diameter was actually constructed at site without obtaining approval of the higher authorities or consulting the Ground Water Organisation, Una. On its construction, the well failed to yield sufficient water. The discharge of water measured in June 1992 was found to be 16.5 litres per minute against the requirement of 102.5 litres per minute. The Senior Hydrogeologist of the Ground Water Organisation, Una attributed (February 1992) the failure of the well to limited catchment area and low rate of infiltration and added that there was no possibility of obtaining the required quantity of water. In the meantime, estimate for Rs. 15.49 lakhs submitted in June 1988 for the augmentation and remodelling of the scheme by tapping water from another scheme which involved additional lift of 91-metres was not found (December 1992) economical by the Department due to high initial cost and subsequent high cost of maintenance. The departure from the approved design and normal practice was also stated by the Department to be the reason for failure of the scheme. Action to fix responsibility for the departure from the approved design had not been taken as of July 1994. The expenditure of Rs. 3.66 lakhs incurred on the scheme had, thus, remained largely unfruitful and the beneficiaries deprived of the intended benefits.

The Executive Engineer stated (August 1994) that there was no necessity of conducting any enquiry because there was no deviation from the detailed estimate. The reply was not tenable because the detailed estimate provided for the construction of 6-metres deep percolation well of 6-metres diameter against which 4.5-metres deep percolation well of 3-metres diameter was actually constructed at site.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

4.3 Lift irrigation scheme, Bohlion

Construction of Lift Irrigation Scheme, Bohlion (Sirmaur district), was administratively approved in June 1988 at an estimated cost of Rs. 5 lakhs. The proposed area to be brought under irrigation was 38.80 hectares of land and the water

requirement was assessed at 24.47 litres per second. Since there was no permanent source of water in the area, it was proposed to construct a 6-metres deep percolation well having a diameter of 6 metres. It was envisaged in the history sheet of the estimate that opinion of Central Ground Water Board (CGWB) should be obtained before taking up construction of the percolation well.

Construction of the percolation well was, however, started by Nahan Division in February 1989 without obtaining the opinion of the CGWB, as required. After constructing 8 metres deep percolation well at Rs. 1.67 lakhs against the provision of Rs. 0.52 lakh made in the sanctioned estimate, a discharge of 4.50 litres per second was obtained as reported by the Executive Engineer to the Superintending Engineer in December 1990. The Executive Engineer recommended (December 1990) the digging of the percolation well to a further depth of 2-3 metres to obtain increased discharge. The Superintending Engineer, however, advised the Executive Engineer in December 1990 itself to obtain the opinion of the Hydrogeologist before taking further action. The opinion of the Hydrogeologist had not been obtained as of January 1994.

On this being pointed out (January 1994) in audit, the Executive Engineer stated (January 1994) that the percolation well was constructed just near the percolation well of Lift Water Supply Scheme, Shambuwalla. The plea of the Executive Engineer was not tenable, because opinion of the CGWB had necessarily to be obtained before the selection of site and before taking up construction of the percolation well.

Failure on the part of the Department to take the opinion of the CGWB with regard to suitability of site to ensure availability of the required quantity of water thus, resulted in the expenditure of Rs. 1.67 lakhs remaining unfruitful. The beneficiaries were also deprived of the intended benefits.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

4.4 Underutilisation of irrigation potential

Test-check of the records of 12 divisions¹ conducted between May 1993 and January 1994 revealed that the irrigation potential of 15 irrigation schemes completed between 1980-81 and 1990-91 at the cost of Rs. 177.80 lakhs and designed to irrigate 1,073 hectares of land per crop was underutilised. Expenditure of Rs. 54.55 lakhs had also been incurred on the running and maintenance of these schemes. Shortfall in utilisation of irrigation potential ranged between 93 and 96 per cent (*Rabi*) and 96 and

¹ Ani, Barsar, Dharamsala, Ghumarwin, Indora, Kullu, Mandi, Palampur, Sundernagar, Thural, Nahan and Rohru

98 per cent (*Kharij*) during the years from 1987 to 1992 as detailed below:

Year	Area irrigated		Percentage of shortfall	
	<i>Rabi</i>	<i>Kharij</i> (In hectares)	<i>Rabi</i>	<i>Kharij</i>
1987	50	34	95	97
1988	53	22	95	98
1989	39	20	96	98
1990	72	44	93	96
1991	51	37	95	97
1992	39	18	96	98

Underutilisation of irrigation potential was mainly attributed (May 1993 to January 1994) by the Executive Engineers to less demand of water for irrigation due to non-adoption of proper cropping pattern by the beneficiaries, less availability of water in a tube well due to siltation, non-execution of *chak* development works and non-restoration of damages to the schemes for want of funds. The plea of the Executive Engineers was not tenable because appropriate action to educate the farmers to make optimum use of the available water resources should have been taken in consultation with the Agriculture Department. Action taken to provide *chak* development works and to arrange sufficient funds for the restoration of damages to the schemes had not been intimated.

The expenditure of Rs. 232.35 lakhs incurred on the construction and maintenance of these schemes thus largely remained unfruitful.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

4.5 Abandoned tubewell

To provide irrigation facilities in various areas of Una district, construction of 10 tubewells was administratively approved in December 1974 at the estimated cost of Rs. 16.11 lakhs. Drilling and development of tubewell no.53 at Tatehra village was completed by Tubewell Division, Nalagarh (now Gagret) in February 1981 at the cost of Rs. 0.81 lakh but technical sanction of the competent authority was not obtained. The tubewell was commissioned in March 1983. Expenditure of Rs. 3.92 lakhs had also been incurred on civil works (Rs. 3.16 lakhs), pumping machinery (Rs. 0.25 lakh) and repairs and maintenance (Rs. 0.51 lakh) of the tubewell as of March 1993. A culturable command area (CCA) of 39.27 hectares was brought under irrigation through the tubewell.

Test-check of the records of Una Division No.II conducted in November 1993

revealed that CCA of 10.62 hectares had on an average been irrigated during the period 1983 to 1985. The Executive Engineer informed (August 1993) the Superintending Engineer that the tubewell had failed in 1985 due to breaking of assembly/filter pipe as a result of which mud and sand was entering the pumping machinery. It was also stated (July 1994) that the tubewell had been finally abandoned in April 1985.

A new tubewell was drilled and developed in November 1991 at a distance of 12-metres from the abandoned tubewell at the expenditure of Rs. 4.70 lakhs. An estimate of Rs. 1.14 lakhs for carrying out special repairs to the rising main and distribution system of the old tubewell to make the scheme functional from the new tubewell was submitted to the Superintending Engineer in March 1994 which had not been sanctioned as of July 1994.

The expenditure of Rs. 1.57 lakhs incurred on the drilling and development of the original tubewell (Rs. 0.81 lakh), pumping machinery (Rs. 0.25 lakh) and repairs and maintenance (Rs. 0.51 lakh) had thus been rendered infructuous. Besides, the expenditure of Rs. 7.86 lakhs incurred on the construction of civil works of the old tubewell (Rs. 3.16 lakhs) and drilling and development of new tubewell (Rs. 4.70 lakhs) had not yielded the intended benefits and had remained unfruitful as of July 1994.

The matter was referred to Government in August 1994; reply has not been received (October 1994).

4.6 Infructuous expenditure on a flow irrigation scheme

Designed to irrigate culturable command area of 29.71 hectares land of villages Bhandra, Jusu and Nanan, Flow Irrigation Scheme, Bhandra (Chamba district) was approved in March 1981 for Rs. 1.02 lakhs. Technical sanction for Rs. 1.03 lakhs was also accorded in September 1981. The source of the scheme was Gharat Nallah, which had lean period discharge of 0.95 cusec against the requirement of 0.47 cusec. The work was started by Dalhousie Division in January 1981 and was transferred to Salooni Division on its creation in April 1986. The scheme was completed during 1986-87 at an expenditure of Rs. 2.14 lakhs.

Test-check (October 1993) of the records of the division revealed that the main line of the scheme was passing through the bed of a steep hill having loose clay soil mixed with grit. In order to avoid huge expenditure on the construction of an open channel and protection works, 2,740 metres long gravity main (RCC pipes: 2,200 metres and galvanised iron pipes: 540 metres) was laid. The scheme was, however, damaged in the heavy rains of August 1989, July 1990 and December 1990. The damaged 1,500 metres main line was stated (October 1993) by the division to be beyond

economical repairs thereby making the scheme inoperative from August 1989. Prior to this date, 18 hectares of land per annum covering both *Rabi* and *Kharif* alone could be irrigated by the scheme between 1986-87 and August 1989 as against the planned area of 29.71 hectares per crop. Action to salvage the serviceable material from the damaged site or to make the scheme functional by carrying out special repairs to the scheme had not been taken as of July 1994.

The Executive Engineer stated (August 1994) that a committee had been constituted by Government in January 1994 to suggest remedial measures to make the scheme functional. The report of the Committee was awaited as of July 1994.

The expenditure of Rs. 2.14 lakhs incurred on the scheme which was not viable because of the presence of loose strata had thus been rendered infructuous.

The matter was reported to Government in June 1994; reply has not been received (October 1994).

Public Works Department

4.7 Wasteful expenditure on works owing to defective planning

(a) Construction of Winter Health Post at village Karyuni (Pangi valley) was administratively approved at an estimated cost of Rs. 1.49 lakhs in March 1991. The work was taken up by Killar Division in June 1991, in anticipation of technical sanction and without getting the site inspected by the State Geologist. The work was completed in December 1991 at an expenditure of Rs. 3.90 lakhs. Reasons for cost overrun were not on record; neither detailed estimates (for technical sanction) nor revised estimates have been framed.

Audit scrutiny of the records of the division conducted in September 1993 revealed that the building had collapsed in February 1992 due to glaciers. Dismantled materials costing Rs. 0.51 lakh only could be salvaged from the site of work. The Executive Engineer stated (September 1993) that the site had been selected after a joint inspection by the officials of Public Works and Health and Family Welfare Departments and the Resident Commissioner. It was also stated that the site selected was not prone to glaciers as per version of the local people. The contention is, however, not tenable because appropriate technical agency had not been associated in the selection of suitable site.

Failure to ensure appropriate selection of site, thus, resulted in a wasteful expenditure of Rs. 3.39 lakhs.

(b) In order to provide nearest approach to the residents of villages Makoli and Rei situated on the right bank of river Chander Bhaga (Pangi valley) for reaching tehsil headquarters at Killar, to facilitate the crossing of their livestock to the other side of the river and to avail of the benefits of forest produce, construction of a foot bridge at Makoli over river Chander Bhaga was administratively approved in March 1987 for Rs. 24.46 lakhs. The work was, however, commenced by Killar Division in July 1986, in anticipation of approval and without obtaining technical sanction and expenditure of Rs. 2.49 lakhs had been incurred on it up to March 1987 for the cutting of rock for providing left bank abutment. No further work had been done after March 1987.

It was noticed (September 1993) during audit of the accounts of the division that villages Makoli and Rei had been connected by motorable road with the construction of Lahaul boundary to Jammu boundary road on the right bank of river Chander Bhaga by the Director General of Border Roads. Further, the construction of jeepable suspension bridge over river Chander Bhaga at Ajog, administratively approved in September 1990 for Rs. 18.54 lakhs at a distance of 3-4 kilometres upstream from the site of foot bridge at Makoli, was in progress (September 1993) and expenditure of Rs. 18.81 lakhs had been incurred on it as of August 1993. A foot bridge also existed at Ajog. The fact that there was no necessity of the foot bridge at Makoli for the present had been admitted (September 1993) by the Executive Engineer. He, however, stated that at the time of considering the proposal for the construction of the foot bridge, the alignment of the Lahaul boundary Jammu boundary road had not been finalised and the villagers were demanding construction of the foot bridge. This plea was, however, not acceptable as the Department was aware of the alignment of the said road in August 1986 and there already existed a foot bridge at Ajog.

The expenditure of Rs. 2.49 lakhs incurred on the construction of the abutment of the foot bridge at Makoli, which was suspended in March 1987, had thus gone waste.

These cases were referred to Government in June 1994; reply has not been received (October 1994).

4.8 Unfruitful expenditure on works

(a) Construction of a 5 kilometres long single lane motorable road from Sichling to Manne Pomrang (Spiti Valley) was administratively approved in May 1979 for Rs. 11.65 lakhs and was technically sanctioned for Rs. 12.22 lakhs in June 1982. The work, to be completed within 3 years, was started by Lahaul and Spiti Division, Kaza during 1979-80 and expenditure of Rs. 9.89 lakhs had been incurred on its construction in a length of 4 kilometres up to December 1986. No further work had

been done thereafter.

Test-check of the records of the division revealed (September 1993) that a 55-metres span steel truss bridge was also to be constructed at km 0/0 of the road over river Spiti for opening the road to vehicular traffic and linking it with Rangrik Samdoh road. The bridge, administratively approved in May 1980 for Rs. 19.08 lakhs, was to be completed in 6 working seasons. After constructing the sub-structure of the bridge departmentally during 1983-84, superstructure work was awarded (June 1984) to a Jammu based firm on a lump-sum bid of Rs. 18 lakhs, with stipulated period of completion of 2 years. Instead of completing the work in all respects, the firm could launch only the bridge up to July 1993 thereby leaving the riveting and decking work unexecuted. Compensation of Rs. 1.35 lakhs levied on the firm in December 1987 for delay in completion of the work had not been recovered as of July 1994. Expenditure of Rs. 20.07 lakhs had been incurred on the bridge up to July 1993 which included payment of Rs. 13.32 lakhs made to the contractor up to July 1993.

Thus due to failure of the Department to complete the left out bridge work departmentally at the risk and cost of the firm after closing the contract agreement, the expenditure of Rs. 29.96 lakhs incurred on the construction of the road (Rs. 9.89 lakhs) and bridge (Rs. 20.07 lakhs) had not yielded the intended benefits and had remained unfruitful as of July 1994. Besides, the firm had also been given undue favour of Rs. 1.35 lakhs by not recovering the compensation levied on it.

(b) Construction of 5 kilometres long Pulbahal Sarain road (Shimla district) was administratively approved in September 1980 for Rs. 9.32 lakhs. The work, scheduled for completion in 3 years, was started by Theog Division in 1980 in anticipation of technical sanction and was transferred to Chopal Division on its creation in April 1986. Motorable road in a length of 4.610 kilometres had been completed in different reaches till June 1993 after incurring expenditure of Rs. 19.75 lakhs (construction of road: Rs. 18.17 lakhs and restoration of rain damages: Rs. 1.58 lakhs).

Test-check of the records of Chopal Division revealed (July 1993) that the first portion of the road from km 0/0 to 4/430, which was constructed in a continuous stretch, could not be opened for vehicular traffic for want of a bridge at km 0/435 on Patal *khad*. The Superintending Engineer, 2nd Circle, Shimla stated (November 1993) that construction of the bridge had been approved administratively for Rs. 15.41 lakhs in November 1993 and the work would be taken up after the approval of designs/drawings submitted to the Engineer-in-Chief in March 1993. However, no reasons for delay in getting the administrative approval and submission of designs/drawings were furnished.

Failure to synchronise the construction of the road work and the bridge thus resulted in non-utilisation of the road constructed at Rs. 19.75 lakhs and inhabitants of the area deprived of the intended benefits (November 1993).

(c) Construction of a 55-metres span aerial ropeway footbridge over the Juini *khad* at Naddi (Mandi district) was administratively approved in June 1979 at an estimated cost of Rs. 2.52 lakhs, subsequently revised to Rs. 5.68 lakhs in June 1984. The work was started by Sundernagar Division during 1981-82 and both side abutments were completed in June 1983 at Rs. 0.67 lakh. Subsequently, the Superintending Engineer, Ist Circle, Mandi decided to construct a jeepable standard bridge of 2.75-metres carriage way instead of footbridge. Accordingly, construction of 55-metres span jeepable standard bridge was taken up by the Division without obtaining revised approval. The work was completed in February 1992 after incurring expenditure of Rs. 6.48 lakhs.

Test-check of the records of the Division revealed (December 1993) that in order to facilitate carriage of agricultural produce by the inhabitants of Naddi group of villages to the main road and to link the bridge by providing a road, construction of a 2 kilometres long jeepable road from km 22/0 of Chail-Gohar-Pandoh road to village Naddi was administratively approved in June 1988 for Rs. 2.75 lakhs with stipulated period of completion of two years. Construction of the road had not been taken up till December 1993. Non-construction of this road resulted in non-utilisation of the bridge constructed in February 1992 at the cost of Rs. 6.48 lakhs. The villagers were also deprived of the benefit of mechanical transport. The Executive Engineer stated (December 1993) that the construction of jeepable road could not be taken up for want of funds. This plea of the Executive Engineer was not acceptable in Audit because funds aggregating Rs. 0.29 lakh made available for this work between 1988-89 and 1992-93 were sufficient for the widening of formation (estimated cost: Rs. 1.30 lakhs) of at least 25 *per cent* of the road. Even proceedings for the acquisition of private land falling in the alignment of the road, for which provision of Rs. 0.51 lakh was made in the estimate, had not been initiated by the division.

(d)(i) Construction of a stadium at Baijnath (Kangra district) was administratively approved in March 1987 at an estimated cost of Rs. 4.32 lakhs. The stipulated period of its completion was one year. The work was commenced by Baijnath Division in February 1987 and expenditure of Rs. 1.85 lakhs had been incurred up to March 1990 on earth work (75 *per cent*) and levelling of site.

Test-check of records of the division revealed (January 1994) that the land on which construction of the stadium was started had been taken on lease in 1977 by a brick *kiln* owner who obtained stay orders from the Hon'ble Court of Sub-Judge,

Palampur (actual date on which stay orders were obtained not on record). The Director, Youth Services and Sports, Himachal Pradesh, on whose behalf the work was being executed, was requested (May 1990) by the Division to defend the case in the Court and hand over the possession of land after proper demarcation through Revenue Department. The decision of the Court was awaited (January 1994) and further work was held up since March 1990. Evidently, construction of the stadium was commenced by the division without verification of title of the land. The expenditure of Rs. 1.85 lakhs had, thus, remained unfruitful as of January 1994.

(ii) Construction of a stadium at Jaisinghpur (Kangra district) was administratively approved in March 1987 at an estimated cost of Rs. 4.97 lakhs. The stipulated period of its completion was two years. The work, taken up by Palampur Division during 1986-87 was subsequently transferred (June 1990) to Baijnath Division along with the control of Jaisinghpur Sub-Division. An expenditure of Rs. 3.50 lakhs had been incurred on the construction of five blocks each having 6 sitting tiers and raising of pavilion up to plinth level. Further work was held up since March 1991 for want of funds. The Executive Engineer informed (February 1992) the Superintending Engineer, 5th Circle, Palampur that a sum of Rs. 2 lakhs would be required to complete the balance work. But the question of sufficient funds was not pursued further for which no reasons were advanced. The expenditure of Rs. 3.50 lakhs incurred on the work had thus not yielded the intended benefits and had remained unfruitful as of January 1994.

(e) Construction of Ayurvedic Dispensary Building at Seri Batwara (Mandi district) was administratively approved in March 1991 for Rs. 5.50 lakhs. Construction of the building portion, stipulated to be completed in one year, was awarded (March 1992) by Sundernagar Division to a contractor for Rs. 6.27 lakhs. Expenditure of Rs. 2.16 lakhs (including liabilities of Rs. 1.07 lakhs) had been incurred on its construction up to lintel level by December 1992.

The District Ayurvedic Officer, Mandi informed (January 1993) the Executive Engineer that the Division had started the construction of the building at a place where no institution of the Ayurvedic Department was functioning and that the construction had been started without taking the latter into confidence. Accordingly, construction of the building above lintel level was suspended and had not been resumed as of December 1993. The matter was reported (December 1993) by the Executive Engineer to be under correspondence with the Ayurvedic Department.

Lack of co-ordination between the two departments had, thus, resulted in unfruitful expenditure of Rs. 2.16 lakhs.

These points were referred to Government in July 1994; reply has not been received (October 1994).

4.9 Infructuous expenditure owing to improper planning

With a view to link village Chaloli with Dharwas (Pangi Valley), widening of the existing 6 feet wide Dharwas-Chaloli road to jeepable standard from km 0/0 to 4/0 was administratively approved in August 1976 for Rs. 1 lakh. The work, stipulated to be completed in two years, was taken up for execution by Churah Division, Chamba during 1976. It was transferred to Pangi Division, Killar during July 1979.

Test-check of the records of Pangi Division conducted during September 1993, revealed that after constructing 2.850 kilometres long road (jeepable: 0.900 kilometre and mule road: 1.950 kilometres) by 1986-87 at an expenditure of Rs. 2.79 lakhs, further construction of the road was stopped.

The Assistant Engineer, Killar Sub-Division No.I intimated (December 1989) the Executive Engineer that there was no necessity of constructing Dharwas-Chaloli road, as village Chaloli had already been connected by the jeepable Lujey valley road. Scrutiny of records further revealed that construction of 28 kilometres long jeepable Lujey valley road, which also starts from Dharwas, had been taken up by the Department during 1972-73 and 15.799 kilometres long road covering village Chaloli had been constructed by August 1993 at an expenditure of Rs. 30.21 lakhs.

On this being pointed out in audit in September 1993, the Executive Engineer intimated (September 1993) that the fact that village Chaloli was being connected through Lujey valley road could not be foreseen as the alignment in full length of the road i.e. from km 0/0 to 28/0 was not finalised. It was further stated that when the construction of both these roads was going on simultaneously, it was observed that village Chaloli would be linked by Lujey valley road and as such the construction of Dharwas-Chaloli road was stopped. This plea is, however, not tenable as village Chaloli is situated at a distance of only 4 kilometres from Dharwas from where both the roads start.

Failure on the part of the Department in ensuring proper planning of the construction of these two roads had, thus, resulted in infructuous expenditure of Rs. 2.79 lakhs incurred on the widening of Dharwas-Chaloli road.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

4.10 Unfruitful expenditure on a bridge

In order to link village Yangle situated on the left bank of river Chandra in Lahaul valley with Manali-Leh Highway, construction of 76.21 metres span aerial rope-way bridge with carriage way of 2.44 metres over river Chandra at Yangle was taken up by Chenab Valley Division, Udaipur in March 1980 and completed in September 1987 at the cost of Rs. 19.95 lakhs against the administrative approval accorded by the Chief Engineer in August 1979 for Rs. 33.36 lakhs for the construction of three bridges at Yangle, Linger and Jhooling. According to the history sheet of the estimate, a foot bridge having six feet clear road-way at Yangle was to be constructed. The Executive Engineer intimated (August 1993) that aerial rope-way bridge having eight feet clear road-way was constructed on the basis of drawings approved by the Superintending Engineer, Tribal Circle, Kullu keeping in view the necessity of the people of Yangle village for transporting their cash crops.

Test-check of the records of the division conducted in August 1993 revealed that the work had been completed without obtaining technical sanction and revised administrative approval. Even thereafter these had not been obtained as of August 1993. The Executive Engineer stated (August 1993) that the work had been taken up for construction in the absence of technical sanction in view of its urgency. The plea is, however, not tenable as no steps had been taken by the division even to prepare the detailed estimate for obtaining technical sanction of the competent authority ever since commencement of the work in March 1980.

With a view to make use of the bridge, construction of 6 kilometres long Khansar-Yangle-Mooling link road was administratively approved in January 1989 for Rs. 21.83 lakhs. Work on the road had, however, not been taken up as of August 1993 because the people of the villages Khansar, Thorang and Gondala objected to the construction of the road, since agricultural land and trees were coming in the alignment of the road. The dispute had not been resolved as of August 1993.

The Executive Engineer stated (August 1993) that the bridge was being utilised by pedestrians of villages Yangle and Mooling.

Construction of jeepable bridge in place of foot bridge thus resulted in extra cost. Besides, the jeepable bridge could not be put to the intended use for a period of over 6 years for want of link road.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

4.11 Link road to village, Kawar

Dodra-Kawar area (Shimla district) comprising five main villages¹ is not linked with the rest of the State by road. The area can be linked by road either from Uttar Pradesh side or from Rohru side. An all weather link is possible from Natwar which falls in Uttar Pradesh but there is no road from Natwar to Sewa Dogri which is located on the boundary of the two states. The other alternative from Rohru side passes through high mountains which remain snow-bound for a considerable part of the year.

On the directions of the Engineer-in-Chief-cum-Secretary (Public Works) to the State Government, the Executive Engineer, Jubbal Division visited the Dodra-Kawar area in September 1980 and submitted a detailed report in October 1980. It was stated in the report that a mule road from Natwar to Sewa Dogri had already been constructed by the Uttar Pradesh Government on the right bank of river Rupan (a tributary of river Tons). It was recommended that road from Sewa Dogri to Kawar be constructed in total length of 16 kilometres. An estimate amounting to Rs. 58.53 lakhs was prepared by the Rohru Division for the construction of link road to Kawar and was submitted by the Superintending Engineer, IInd Circle, Shimla to the Engineer-in-Chief in February 1985 for arranging administrative approval and expenditure sanction which had not been received as of July 1994.

In the meantime, construction of road from Sewa Dogri to Kawar was started by Rohru Division during 1983-84 without receipt of administrative approval and one metre wide track in a length of 4.900 kilometres had been constructed by March 1985 at the expenditure of Rs. 5.37 lakhs. No further work had been done thereafter. In reply to an Audit query, the Executive Engineer intimated (November 1993) that motorable link was possible only when the portion of road falling in Uttar Pradesh Territory was made motorable.

In the circumstances, the construction of one metre wide track in a length of 4.900 kilometres from Sewa Dogri to Kawar at the cost of Rs. 5.37 lakhs without obtaining administrative approval and expenditure sanction was irregular and had not served the intended purpose. The expenditure incurred thereon had thus remained unfruitful (July 1994).

The matter was referred to Government in July 1994; reply has not been received (October 1994).

4.12 Extra expenditure owing to non-adherence to contractual provisions

The work of strengthening of road crust of the Chandigarh-Mandi-Manali

¹ Dodra, Jakha, Jiskin, Kawar and Pandhar

National Highway No.21 from km 217/0 to 221/460 and from km 231/600 to 242/0 was awarded to two contractors in April 1986 and March 1988 for Rs. 22.99 lakhs and Rs. 64.48 lakhs against the estimated cost of Rs. 8.87 lakhs and Rs. 23.68 lakhs respectively by National Highway Division, Pandoh. A special condition appended to the contract agreements stipulated that the correction layer in the built up spray grout (BUSG) and the strengthening layer in the BUSG shall be laid simultaneously so as to avoid the provision of tack coat in between.

It was noticed in audit (December 1992) that while executing the work between April 1986 and October 1991, these two layers had not been laid simultaneously. Instead, tack coat was provided between these two layers according to the schedule of quantities appended to the contract agreements. Violation of the special condition of the contract agreements resulted in avoidable expenditure of Rs. 2.36 lakhs on tack coat.

On the irregularity being pointed out in audit, the Executive Engineer stated (December 1992) that it was not possible to lay the two layers simultaneously because of heavy rush of traffic on this busy National Highway. This reply is not tenable as the traffic could be temporarily restricted to half width of the road in the reaches involved. In any case the special contractual provision presumably represented the final view of the Department on this question.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

4.13 Overpayment of escalation charges

Construction of 100-metres effective span pre-stressed concrete bridge over Sun *khad* on Sujampur-Tihra-Sandhole-Marhi-Dharampur-Kotli-Mandi road near Dharampur (Mandi district) was awarded by Sarkaghat Division to a contractor in July 1988 for the lump sum amount of Rs. 60.99 lakhs. According to the clauses of the agreement and the negotiation letter of the contractor, the first 10 *per cent* increase in the prices of materials (not being materials supplied from Engineer Incharge's stores in accordance with the terms of the agreement) and the wages of labour by way of Government notification or legislation was to be borne by the contractor. Only the balance increase exceeding 10 *per cent* was to be reimbursed to him.

Scrutiny of the records of the division conducted by Audit during February-March 1994 revealed that the above provisions of the agreement were not kept in view while making the payment of escalation charges to the contractor during the period from September 1988 to August 1992. As against the admissible payment of Rs. 6.60

lakhs on account of escalation (material: Rs. 1.86 lakhs; labour: Rs. 4.74 lakhs), actual payment of Rs. 9.71 lakhs (material: Rs. 3.38 lakhs; labour: Rs. 6.33 lakhs) had been made to the contractor. There was, thus, overpayment of Rs. 3.11 lakhs (material: Rs. 1.52 lakhs; labour: Rs. 1.59 lakhs).

The matter was referred to Government in July 1994; reply has not been received (October 1994).

4.14 Undue aid to a contractor

Improvement of Shimla Wangtoo road from km 182/0 to 190/0 was awarded to a contractor by Theog Division in March 1992. According to the contract agreement, 75 per cent advance payment of the value of the machinery brought to site of work was to be made to the contractor after getting the value of machinery assessed by the Mechanical Division, Dhalli, and after hypothecation of the machinery in the name of the Department. In case the contractor stopped the work, the Department had the right to auction the hypothecated machinery and recover the amount of advance. The Division had, however, made an advance payment of Rs. 10.14 lakhs in May 1992 against one Excavator Loader without obtaining the hypothecation and getting the value assessed from the Mechanical Division, as required. The contractor started the work in June 1992 but left it incomplete and also shifted the machinery in June 1993 from the site of work to some other place as reported by the Assistant Engineer, Theog Sub-Division in June 1993. Compensation amounting to Rs. 9.11 lakhs was levied under clause 2 of the contract agreement. As the contractor failed to resume the work, the contract was finally rescinded in December 1993. The Hon'ble High Court of Himachal Pradesh, however, restrained the Department in June 1993 from recovering the amount of compensation till the finalisation of arbitration proceedings, which were in progress.

According to the provisions of the contract agreement, the work was to be carried out by the contractor in continuous stretch starting from any point as per directions of the Engineer-in-Charge. The payment for work done was to be made to the contractor for units of 200 metres stretch when he completed the earthwork including blasting, earth retaining structures and the culverts, if any.

The Superintending Engineer, 2nd Circle, Shimla intimated (March 1994) that the contractor had not completed a 200 metres continuous stretch in any reach of the entire length of 8 kilometres. In view of the provisions of the contract agreement and the position intimated by the Superintending Engineer, no payment was to be made to the contractor. Notwithstanding this, the division measured the work done by the contractor (January 1994) in isolated reaches and adjusted the second and final bill in January 1994. Scrutiny of the bill revealed that out of the total value of work done

amounting to Rs. 7.78 lakhs an amount of Rs. 6.06 lakhs representing part of the advance payment made for machinery was adjusted. The balance amount of Rs. 1.72 lakhs was adjusted against other recoveries (cost of materials supplied to contractor, security deposit, income tax, amount withheld on account of labour complaint, etc.). The remaining amount of advance (Rs. 4.08 lakhs) was shown to have been adjusted against another contract agreement (No.105 of 1991-92) of the contractor.

However, scrutiny of the bill of the contractor finalised in January 1994 against agreement number 105 of 1991-92 revealed that out of the total value of work done since previous bill amounting to Rs. 10.64 lakhs, various recoveries (cost of materials supplied, security deposit, income tax, royalty, labour complaint, compensation, etc.) amounting to Rs. 8 lakhs were to be made from the contractor leaving a net amount of Rs. 2.64 lakhs. The adjustment of the outstandings advance of Rs. 4.08 lakhs was thus possible to the extent of Rs. 2.64 lakhs. The final bill was adjusted by the division for a minus amount of Rs. 1.44 lakhs.

It would, thus, appear that out of the total advance of Rs. 10.14 lakhs given to the contractor for bringing the machinery to the site of work, a sum of Rs. 8.70 lakhs had actually been recovered leaving an outstanding balance of Rs. 1.44 lakhs. Besides, the contractor had been given undue benefit of Rs. 7.78 lakhs by allowing the payment for work done which was not admissible according to the provisions of the agreement which stipulated payment only when work was completed on continuous stretches of 200 metres each.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

4.15 Avoidable loss

The bridge on Mohtli *khad* (Kangra district) located at km 103/560 of Pathankot-Jullundur National Highway No. I-A was partly damaged during the heavy rains of September 1988. In order to restore the damages and to provide protection works, the estimate for Rs. 9.57 lakhs was prepared by the Fatehpur Division and the damages were restored by June 1989 at the total cost of Rs. 11.20 lakhs.

During the heavy rains of 1991 and 1992, the entire protection works provided during 1989 were washed away. The Superintending Engineer, Ministry of Surface Transport during inspection of the work in July 1992 observed that the crate work behind down stream side toe wall had been washed away resulting in sudden drop in bed level by about 3 metres. It was advised that the toe wall should be protected immediately to ensure safety of the bridge. It was also pointed out by him (August

1992) that no action had been taken on his advice. An estimate of Rs. 9.08 lakhs was prepared by the division for restoration of the damages. The estimate was technically sanctioned by the Ministry of Surface Transport in March 1993 for Rs. 6.76 lakhs. It was noticed (September 1993) during the course of audit of the division that instead of taking up the work immediately on receipt of the approval of the Ministry, the work was awarded to a contractor in July 1993 with the stipulation that it be completed within a period of 1¹/₂ months. In the meantime, the down stream curtain wall was washed away and the cement concrete apron protecting the bridge pier was also damaged during July 1993. The loss was estimated at Rs. 15 lakhs. An estimate for Rs. 10.30 lakhs for providing additional crate work to the bridge was in process in the division as of September 1993. The contractor, thus, could not execute the work due to washing away of the site of the protection work.

Failure of the Department in not providing the protection works immediately after the damages in the rainy season of 1991 and thereafter as advised by the Superintending Engineer, Ministry of Surface Transport in July 1992 and also delay in taking up the protection works well before the start of rainy season of 1993 thus resulted in an avoidable loss of Rs. 15 lakhs. Besides, the expenditure of Rs. 11.20 lakhs incurred during 1989 on the restoration of damages had also gone waste.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

4.16 Loss due to collapse of a retaining wall

A 25 metres long and 6 metres high retaining wall constructed at km 72/0 (RDs 72/050 to 72/075) of Jalandhar-Hoshiarpur-Dharamsala road (Una district) about 35 years ago collapsed (August 1990) due to heavy rains thereby reducing the width of the road from 7.5 metres to 5 metres. Reconstruction of the damaged retaining wall, taken up (May 1991) by Bharwain Division in anticipation of technical approval, was completed (June 1991) in plum concrete 1:5:10 (cement: 1; sand: 5; graded stones: 10) with 15 per cent plum at Rs. 1.23 lakhs. This included cost of materials (Rs. 0.90 lakh) and contractor's payment (Rs. 0.33 lakh). The contractor was yet to be paid (March 1994) for want of approval of the estimate and work orders. The estimate for Rs. 1 lakh submitted in March 1991 was awaiting technical approval. The Executive Engineer informed (August 1991) the Superintending Engineer, 8th Circle, Hamirpur that keeping in view the important nature of work and the vehicular traffic plying on this road, the wall was constructed in anticipation of approval as per proposed drawings submitted with the estimate.

Test-check (January 1993 and March 1994) of the records of the division

revealed that the retaining wall constructed in June 1991 had again collapsed in August 1991 due to heavy rains. An estimate for Rs. 1.79 lakhs submitted in December 1991 for the restoration of damages was awaiting approval as of March 1994. In this estimate, the reconstruction of the wall was proposed by providing galvanised iron wire crates filled with boulders. The Executive Engineer informed (April 1992) the Superintending Engineer that this provision had been made in view of the low bearing capacity of the soil and deep channel on the valley side. Pending approval of the estimate, the restoration of the retaining wall was completed in July 1992 at the cost of Rs. 0.66 lakh which was serving its purpose and was stated to be in satisfactory condition. Evidently, retaining wall in wire crates filled in boulders was suitable for the site. The Executive Engineer stated (March 1994) that the retaining wall constructed departmentally during July 1992 was a temporary structure for opening the road for vehicular traffic. Regarding construction of wall in plum concrete during June 1991, he stated (April 1993) that similar wall constructed by the erstwhile Punjab State had existed for its full life and there was hardly any reason to disbelieve the nature of soil. The plea was not tenable as it was essential to judge and analyse the nature of soil before spending public money.

Execution of work without technical approval particularly when the proposals were made without detailed soil investigations, resulted in wasteful expenditure of Rs. 1.23 lakhs.

The matter was referred to Government in August 1994; reply has not been received (October 1994).

4.17 Working of Land Acquisition Office, Kullu

The office of the Land Acquisition Officer, Kullu was constituted in the year 1984 to look after the work of acquisition of land for public works including National Highway No. 21 being executed by Public Works and Irrigation and Public Health Departments of the Government in Kullu district. The charge of the office was held by the Sub-Divisional Magistrate, Kullu up to December 1992 and thereafter by the Collector, Forest Settlement.

Test-check of the records conducted in February 1993 of the office brought out the following points:

(a) Receipt and disbursement of compensation

Rules envisage that money should not be drawn from the treasury unless it is required for immediate disbursement or already paid out of permanent advance.

It was noticed that for payment of compensation for land acquired for National Highway No. 21, advances amounting to Rs. 136.29 lakhs were drawn by the Land Acquisition Officer, Kullu from the Buildings and Roads Division No. II, Kullu between March 1986 and March 1990 against which awards of only Rs. 69.65 lakhs were announced. Out of the awards of Rs. 69.65 lakhs, compensation of Rs. 63.59 lakhs was disbursed up to August 1994 leaving a balance of Rs. 72.70 lakhs. The position of the balance amount of Rs. 72.70 lakhs was as under:

		(Rupees in lakhs)
(i)	Deposited with various courts at Mandi and Kullu between December 1991 and October 1994 in connection with land reference cases	46.46
(ii)	Deposited into treasury during August 1994 and September 1994	9.21
(iii)	Balance with LAO	17.03
Total		72.70

Drawal of funds in anticipation of announcement of awards and much in excess of requirements was thus irregular.

The Land Acquisition Officer stated (October 1994) that efforts would be made to remit the unutilised amounts into the treasury.

(b) Overpayment of compensation

In terms of the provisions of the Land Acquisition Act, the LAO shall, after making award under Section 11 of the Act, tender payment of compensation to the persons interested/entitled thereto according to the award.

For acquisition of land in *Phatti Har* of the district for the construction of National Highway (NH)-21 the Collector awarded (February 1992) compensation of Rs. 6.84 lakhs in favour of 79 persons. This included an amount of Rs. 2.20 lakhs payable to one of the persons interested to whom a total amount of Rs. 5.48 lakhs was paid in five instalments between April 1989 and April 1992 resulting in overpayment of Rs. 3.28 lakhs. Of this, an amount of Rs. 1.60 lakhs was recovered (November 1992) from the payee and a further sum of Rs. 1.16 lakhs, payable to him on account of a supplementary award, was adjusted against the earlier overpayment. A sum of Rs. 0.52 lakh overpaid had thus remained unrecovered. The LAO informed (June 1994) that the person concerned had been directed to refund the amount overpaid within two months.

(c) Over-valuation of market value of land

The market value of the land on the date of publication of notification under Section 4, sub section (i) of the Act should be taken into consideration for determining the amount of compensation.

Notification under Section 4 of the Act for acquisition of 34-1-1 *bighas* of land in *Phatti Bajaura* of the district for construction of NH-21 was published in September 1986 and the award for Rs. 22.78 lakhs was approved by Government in August 1988. The Collector determined market value of land at Rs. 8.93 lakhs on the basis of the value existing in an adjoining village/locality whereas its value in terms of the provisions of the Act (Section 23) worked out to Rs. 6.54 lakhs, rates for which were available with the Collector. The excess determination of the market value of land by Rs. 2.39 lakhs entailed award of extra compensation of Rs. 3.53 lakhs.

The LAO stated (June 1994) that nominal increase in the rates of land was allowed in view of the constant increase in the prices of land. The contention of the LAO was not tenable because the market value of land in *Phatti Bajaura*, which was available with him should have been taken into account and not the value of land existing in the adjoining village/locality.

The matter was referred to Government in August 1994; reply has not been received (October 1994).

4.18 Cash Settlement Suspense Account

4.18.1 Expenditure on services rendered or supplies made by one division to another is initially charged to the Suspense Head, 'Cash Settlement Suspense Account' (CSSA) pending clearance on receipt of cheque/bank draft from the latter division. The transactions are required to be settled within 10 days of receipt of the claims. At the close of the year, there should normally be no balance under the Head. The balance outstanding under this Head represent the unsettled liabilities of the Department, not brought to account under the final heads. Further, if items are left unsettled for long

periods, there is likelihood of non-detection of fraud, verification of the receipt of materials, etc., becoming difficult with loss of time.

Mention was made in paragraph 4.21 of the Report of the Comptroller and Auditor General of India for the year 1984-85 (Civil) of the outstanding balances under the head CSSA for the period from 1977-78 to 1983-84 in respect of Public Works and Irrigation and Public Health Departments. The Public Accounts Committee (PAC) in their 105th Report (7th Vidhan Sabha), laid on the table of the House on 16 December 1993 observed that the balance amount of Rs. 23.61 lakhs at the close of June 1988 pertaining to Irrigation and Public Health Department should be cleared at an early date. No specific recommendation in respect of the balances of PWD was, however, made by the PAC.

4.18.2 Review of the balance outstanding under the head was conducted during May-June 1994 with specific reference to 13 Divisions¹. The outstanding balance of the Department as a whole which stood at Rs. 1015.21 lakhs at the close of 1983-84 had increased to Rs. 2129.42 lakhs (110 per cent) at the close of 1993-94. The year-wise position was as under:

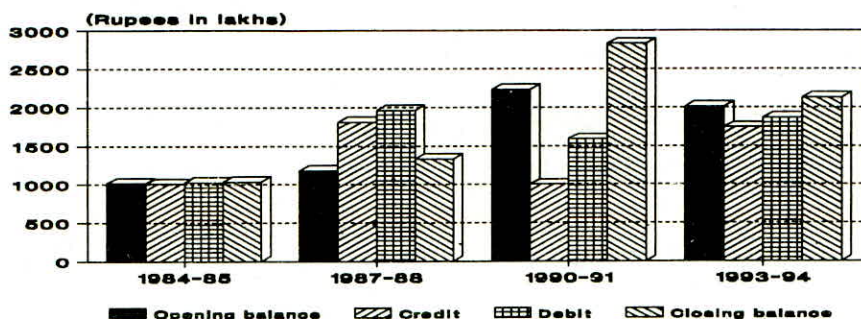
Year	Opening balance	Receipts (clearance)	Disbursement (additions)	Closing balance
(Rupees in lakhs)				
1984-85	1015.20	1006.97	1025.34	1033.57
1985-86	1033.57	1262.49	1284.06	1055.14
1986-87	1055.14	1578.29	1704.53	1181.38
1987-88	1181.38	1810.14	1961.67	1332.91
1988-89	1332.91	1454.49	1735.73	1614.15
1989-90	1614.15	1077.06	1695.85	2232.94
1990-91	2232.94	999.94	1590.53	2823.53
1991-92	2870.05*	869.82	829.36	2829.59
1992-93	2829.59	4581.08	3758.91	2007.42
1993-94	2007.42	1742.00	1864.00	2129.42

The trend of balances for the period from 1984-85 to

¹ Dharamsala, Dharamsala (Mechanical), Hamirpur, Kullu I, Kullu II, Kullu (Mechanical), Mandi I, Mandi II, Shimla I, Shimla II, Shimla III, Theog and Shimla (Mechanical)

* Increased *pro forma* by Rs. 46.52 lakhs on dropping by the Accountant General (A&E), Punjab

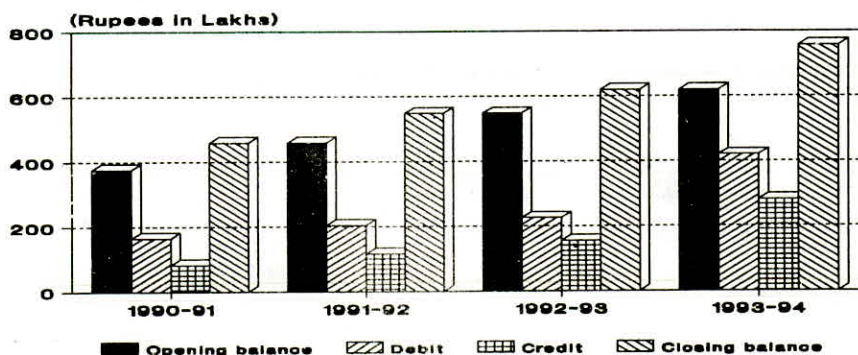
1993-94 is depicted in the following chart:



4.18.3 Trend analysis

The trend of balances under the head in respect of 13 divisions test-checked during the preceding four years was as follows:

Year	Opening balance on 1st April	Debit during the year	Credit during the year	Closing balance on 31st March
(Rupees in lakhs)				
1990-91	376.31	165.86	82.19	459.98
1991-92	459.98	204.86	115.92	548.92
1992-93	548.92	226.35	155.79	619.48
1993-94	619.48	420.60	282.61	757.47



It would be seen that balances have increased by 101 per cent from 1990-91 to 1993-94. The closing balance included Rs. 647.42 lakhs pertaining to three Mechanical Divisions (Dharamsala : Rs. 102.41 lakhs; Kullu: Rs. 201.70 lakhs and

Shimla: Rs. 343.31 lakhs). The Executive Engineer, Mechanical Division, Shimla stated (May 1994) that bill-wise and item-wise details of outstanding were not available with the division. In the absence of these details, the possibilities of the claims becoming irrecoverable could not be ruled out.

The Executive Engineers, Dharamsala and Kullu Divisions stated (May-June 1994) that efforts were being made to realise the outstanding payments from the concerned divisions.

The year-wise details of outstanding claims preferred (inward) and claims received (outward) pending settlement in the originating and responding divisions test-checked was as under:

Year	Amount of outstanding claims preferred (inward)	Amount of outstanding claims received (outward)
	(Rupees in lakhs)	
Up to		
1989-90	269.81	23.56
1990-91	92.83	15.57
1991-92	79.89	5.11
1992-93	81.40	20.02
1993-94	233.54	91.22
Total	757.47	155.48

The pendency of the claims was mainly attributed to (i) non-availability of budget to clear the old liabilities, (ii) bills being under verification in sub-divisions, (iii) non-availability of old records as a result of re-organisation of division/sub-divisions (iv) non-verification of disputed claims, (v) non-availability of particulars of claims and (vi) lack of response from the responding divisions.

The Executive Engineer, Hamirpur Division attributed (May 1994) the reasons for non-payment of bills amounting to Rs. 21.05 lakhs pertaining to Mechanical Division, Bilaspur to non-receipt of bills in time during the respective financial years, resulting in non-availability of letter of credit (LOC) to clear the old liabilities.

The Mechanical Division, Kullu raised a bill for Rs. 3.58 lakhs on account of providing and fixing a steel truss bridge over Hurla *khad* on Bhuntar Gadsa road against Kullu Division No.I in March 1991. The bill had not been cleared by Kullu Division No.I as of May 1994. The Executive Engineer, Kullu Division No.I stated (June 1994) that the reasons for not releasing the payment were being investigated. Reasons for not raising the bill immediately on completion of job in June 1987 were not on record of Mechanical Division, Kullu.

4.18.4 Variation in balances between originating and responding divisions

Outstanding balances of CSSA (inward) appearing in the books of the originating division should agree with those reflected in the records of responding division. Cross-examination of the inward and outward balances of 11 of 13 divisions test-checked (except Hamirpur and Kullu-I) and the concerned responding divisions revealed that against an amount of Rs. 355.16 lakhs outstanding in the records of originating divisions at the end of March 1994, the amount of corresponding balance in the records of responding divisions was Rs. 118.99 lakhs only. Thus, there was a difference of Rs. 236.17 lakhs as detailed in Appendix VIII. Some of the major variations are discussed below:

(i) According to the records of Mechanical Division, Shimla (Dhalli), Rs. 19.53 lakhs were recoverable (March 1994) from Shimla Division, No.II. Item-wise/bill-wise details of the claims were not available in the division. The amount had been accumulating from the period prior to 1990-91 till 1993-94. The Executive Engineer, Shimla Division No.II stated (May 1994) that no bill of Mechanical Division, Shimla (Dhalli), was pending for payment at the end of March 1994.

(ii) Against Rs. 95.48 lakhs outstanding for recovery from Theog Division in the books of the Mechanical Division, Shimla, the amount payable by the former division, as per their records was Rs. 27.05 lakhs only. The difference of Rs. 68.43 lakhs had not been reconciled as of May 1994.

Scrutiny of the records further revealed that Rs. 95.48 lakhs included Rs. 85.88 lakhs on account of repair charges of 9 dozers for the period from 1990-91 to 1993-94 (1990-91: Rs. 19.04 lakhs; 1991-92: Rs. 18.26 lakhs; 1992-93: Rs. 25.10 lakhs and 1993-94: Rs. 23.48 lakhs). The Executive Engineer, Theog Division stated (June 1994) that payments of Rs. 62.56 lakhs in respect of the repairs of the above 9 dozers had already been made and bills for Rs. 1.38 lakhs only were pending verification in the division. It was also stated that bills for the balance amount of Rs. 21.94 lakhs were not available in the division. Possibility of misclassification of payments received by Mechanical Division, Shimla could, thus, not be ruled out.

4.18.5 Non-reconciliation of difference with the Accounts Office

Divisional balances under the head CSSA should normally agree with those of Accounts Office. However, the amount of outstandings at the end of March 1994 in respect of divisions test-checked did not agree with the balances of Accounts Office. On comparison, balances of six divisions were found on higher side by Rs. 74.86 lakhs, while in respect of the remaining seven divisions the same were on

lower side by Rs. 36.28 lakhs as detailed below:-

Serial number	Name of Division	Amount as per divisional records	Amount as per A&E books	Difference/variation in divisional record (+)/(-)
(Rupees in lakhs)				
1.	Dharamsala	6.38	8.74	(-) 2.36
2.	Dharamsala (Mechanical)	102.41	63.17	(+)39.24
3.	Hamirpur	0.55	0.59	(-)0.04
4.	Kullu I	7.99	8.61	(-)0.62
5.	Kullu II	16.28	34.64	(-)18.36
6.	Kullu (Mechanical)	201.70	178.43	(+)23.27
7.	Mandi I	25.72	25.14	(+)0.58
8.	Mandi II	25.83	22.84	(+)2.99
9.	Shimla I	4.08	0.35	(+) 3.73
10.	Shimla II	8.39	12.84	(-) 4.45
11.	Shimla III	9.07	9.59	(-) 0.52
12.	Shimla (Mechanical)	343.31	338.26	(+) 5.05
13.	Theog	5.76	15.69	(-) 9.93
	Total	757.47	718.89	

No action had been taken by the Divisional Officers to reconcile the difference as of May 1994.

4.18.6 Monitoring and Evaluation

A State Level Standing Committee was constituted in October 1991 to tackle the problem of delay in receipt of accounts and non-clearance of outstandings under various heads. The Committee consisted of representatives of the State Government and of the Office of the Senior Deputy Accountant General (A&E). Three meetings of the Committee had been held between July 1992 and December 1993. In the first two meetings, the Chief Engineer informed the Committee that outstandings under the head were mainly due to pending adjustments in Stores/Mechanical divisions and that a time bound programme for a substantial reduction in the old outstanding items would be worked out. The Committee, in its third meeting, took a serious note of the huge outstandings under the head. The Additional Secretary (Finance) agreed to put a ceiling on the divisions and to find out ways and means for improvement in the prevailing conditions. Progress made in pursuance of the recommendations of the Committee was awaited (June 1994).

The matter was referred to Government in August 1994; reply has not been received (October 1994).

4.19 Incomplete works

(i) The Forest (Conservation) Act, 1980 prohibits the use of forest land for non-forest purposes without the approval of the Government of India.

In 9 Divisions¹, 28 road works (estimated cost: Rs. 420.90 lakhs) stipulated to be completed within periods of 1 to 9 years from the dates of their commencement as detailed in Appendix IX had been taken up for construction between March 1974 and January 1991 without obtaining approval of the Government of India for the use of forest land falling along the alignment of these roads. These works, on which expenditure of Rs. 127.55 lakhs had been incurred, were incomplete because of non-transfer of forest land. The extent of time overrun in individual cases ranged from 12 to 216 months as of March 1994. In respect of 21 of these road works under 5 Divisions², action to move the case for obtaining the sanction of the Government of India had not even been initiated.

(ii) In 10 divisions³, 12 road works and 1 bridge work (estimated cost: Rs. 129.64 lakhs) stipulated to be completed within a period of 2 to 5 years from the respective dates of their commencement were taken up for execution between March 1982 and December 1989 as detailed in Appendix X. These works were lying incomplete after expenditure of Rs. 42.86 lakhs was incurred, because of dispute over alignment of the roads due to non-acquisition of private land (7 cases), paucity of funds (4 cases) and non-construction of bridges on the alignments (2 cases). The delay in completion of these works ranged between 13 and 109 months as of March 1994.

(iii) In 6 Divisions⁴, construction of six buildings and one sports stadium (estimated cost: Rs. 30.10 lakhs), details of which have been given in Appendix XI, was taken up between March 1986 and February 1990 without obtaining technical sanction except for one case. These works were scheduled for completion within a period of one to three years, but were suspended between March 1990 and March 1992 and had not

¹ Chopal, Dehra, Dharamsala, Fatehpur, Kullu-I, Kullu-II, Nirmand, Solan and Una

² Dehra, Fatehpur, Kullu-I, Solan and Una

³ Baijnath, Hamirpur, Jassure, Jubbal, Killar, Kullu-II, Nirmand, Rohru, Sarkaghat and Theog

⁴ Baijnath, Barsar, Chenab valley at Udaipur, Dharamsala, Kullu-I and Shimla-I

been completed or had only been partially completed. Expenditure totalling Rs. 19.31 lakhs had been incurred on these works till their suspension.

The concerned divisions attributed the non-completion of the works to paucity of funds (six cases) and abandoning the work by the contractor (one case). Action to complete the same either through some other contractor or departmentally had not been initiated by the Department.

Commencement of execution of the works without ensuring availability of adequate funds had rendered the expenditure of Rs. 19.31 lakhs unfruitful.

The matter was referred to Government in August 1994; reply has not been received (October 1994).

4.20 Avoidable payment of interest

Test-check of the records of Land Acquisition Collectors (LACs), Kangra and Solan conducted between December 1993 and March 1994 revealed the following points:

- (i) The Land Acquisition Act, 1894 as amended in 1984 provided for the payment of interest at the rate of 4 per cent per annum on the amount of compensation up to 29 April 1982 and at the rate of 9 per cent for the first year and 15 per cent for the subsequent years from the date of taking possession of land to the date of payment. Scrutiny of four awards announced by the LAC, Kangra during April 1988 (one award) and November 1991 (three awards) revealed that proceedings in these cases were initiated after a lapse of 134 to 155 months and another period of 33 to 40 months was taken to finalise the proceedings against the permissible period of 3 years. Delay in commencement and finalisation of proceedings resulted in an avoidable payment of interest of Rs. 8.53 lakhs.
- (ii) According to Section 18 of the Act, any interested person who has not accepted the award may, by written application to the Collector, require that the matter be referred by the Collector for the determination of the court whether his objections be to the measurement of the land, the amount of compensation, the persons to whom it is payable, or the apportionment of the compensation among the persons interested. Such application, which has to be given to the Collector within the period specified in the Act, shall state the grounds on which objections to the award are taken. The period within which such applications have to be referred by the Collector to the court has not been specified in the Act. It would, however, be in the public interest to refer such applications to the court within a reasonable period, having regard to the fact that an

interested person can make an application to the Collector for referring the case to the court where he is not satisfied with the award of the Collector within the maximum period of six months.

Section 28 of the Act further provides that in cases where the amount of compensation awarded by the Collector is enhanced by the court, the award of the court may direct the Collector to pay interest on such excess at the rate of 9 *per cent* per annum from the date on which he took possession of land to the date of payment of such excess into the court. The Section further provides for the payment of interest at the rate of 15 *per cent* per annum if the amount of such excess is not paid into court within a period of one year from the date on which possession is taken.

Scrutiny of the records of Land Acquisition Collector, Solan revealed that 117 land reference cases were received from the interested persons between May 1983 and March 1990. These cases were referred by the Collector to the court between March 1985 and May 1992. The time taken for referring these cases to the court ranged between 11 and 96 months. Presuming six months to be the reasonable time, the net delay in referring the cases to the court ranged between 5 and 90 months. These cases were decided by the court between May 1991 and April 1994. While 9 cases were rejected by the court and 9 were still pending, 99 were finally decided. The amount of avoidable interest due to delay in referring the cases to the court worked out to Rs. 12.60 lakhs.

Had the cases been referred by the Collector to the court within a reasonable time, the payment of interest could have been minimised.

The Land Acquisition Collector, stated (March 1994) that the matter had been brought to the notice of the Superintending Engineer, III Circle, Solan and the Deputy Commissioner, Nahan because the official responsible for delay in referring the cases to the court was borne on the cadre strength of Deputy Commissioner, Nahan. It was also stated that the official had been chargesheeted. Further developments were awaited (July 1994).

These points were referred to Government in August 1994; reply has not been received (October 1994).

CHAPTER-V

STORES AND STOCK

Public Works Department

5.1 Working of machinery and workshops

5.1.1 Introduction

The mechanical wing of the Department looks after the repairs and maintenance of the machinery meant for the construction of roads and buildings.

5.1.2 Organisational set up

The Wing consists of five mechanical divisions¹ having 17 workshops. While the mechanical divisions at Bilaspur and Shimla are under the control of Superintending Engineer (Mechanical), Shimla, the divisions at Dharamsala, Kullu and Rampur are being looked after by the respective Superintending Engineers (Civil). Apart from these 17 workshops, 9 more workshops are attached to 9 civil divisions. All these divisions and workshops are under the overall control of Engineer-in-Chief, Shimla and the Zonal Chief Engineer at Dharamsala. The overall control of the Department rests with the Commissioner-cum-Secretary, Public Works Department.

5.1.3 Audit coverage

The present review covers the working of machinery and workshops for the period from 1989-90 to 1993-94 based on the results of test-check of the records of 5 mechanical and 19 civil divisions² undertaken between September 1993 and May 1994 and points noticed in 3 other divisions³. This was supplemented by the information supplied by the Engineer-in-Chief. Important points arising out of the review are mentioned in the succeeding paragraphs.

5.1.4 Highlights

Norms for incurring expenditure on establishment *vis-a-vis* workshop expenditure had not been fixed. The Department had incurred an

The abbreviations used in this review have been listed in the Glossary in Appendix XIV (page 180)

1 Bilaspur, Dharamsala, Kullu, Rampur and Shimla at Dhalli

2 Chamba, Churah, Dehra, Dharamsala, Jassure, Jubbal, Kasauli, National Highway Solan, Nirmand, Nurpur, Palampur, Rampur, Rohru, Sarkaghat, Shimla-II, Shimla-III, Solan, Sundernagar and Theog

3 Bharwain, Kaza and Mandi-II

expenditure of Rs. 581.82 lakhs on the pay and allowances of the establishment of mechanical circle and five mechanical divisions from 1989-90 to 1993-94 which was 33 *per cent* of the value of jobs done.

(Paragraph 5.1.5)

Expenditure of Rs. 16.50 lakhs incurred on the purchase of 7 machines proved wasteful as the machines could not be put to the intended use.

Purchase of eight bulldozers by the Department in March 1979 at the cost of Rs. 45.68 lakhs without obtaining the approval of Government has not been regularised for over 15 years.

(Paragraph 5.1.6)

Hire charges amounting to Rs. 30.00 lakhs had either not been recovered or recovered short from contractors for the machinery hired by them on account of various reasons.

(Paragraph 5.1.7)

Percentage shortfall in utilisation of various types of machinery ranged between 13 and 99 during the period from 1989-90 to 1993-94.

(Paragraph 5.1.8)

Underutilisation of stone crushers to the extent of 65 to 82 *per cent* resulted in less production of stone aggregate and 4 divisions had to purchase stone aggregate costing Rs. 33.40 lakhs from the market for use on various works. Expenditure of Rs. 22.17 lakhs was incurred on the running and maintenance of 3 stone crushers from 1988-89 to 1993-94 against the output of Rs. 15.48 lakhs resulting in operational loss of Rs. 6.69 lakhs.

(Paragraph 5.1.9)

Expenditure of Rs. 9.44 lakhs incurred on the pay and allowances of operational staff in 6 divisions between January 1989 and October 1993 proved unproductive because the machinery remained idle or under repairs during that period.

(Paragraph 5.1.10)

Spares costing Rs. 283.80 lakhs had been purchased by 5 mechanical divisions from the local market in violation of the instructions of

Engineer-in-Chief and in excess of the delegated powers.

(Paragraph 5.1.11)

Sixteen machines costing Rs. 83.64 lakhs were awaiting repairs for considerably long periods.

Repair jobs valued at Rs. 125.71 lakhs were executed between 1989-90 and 1993-94 through private agencies in contravention of the instructions of Engineer-in-Chief.

(Paragraph 5.1.13)

Accumulated losses in the running of workshops/machinery at the close of 1993-94 amounted to Rs. 776.07 lakhs. Action to investigate the losses had not been taken.

(Paragraph 5.1.15)

5.1.5 Budget provision and expenditure

The details of total budget provision and expenditure thereagainst for new supply of machinery and equipment and repairs and carriage, etc., for the period from 1989-90 to 1993-94 were as under:

	Budget	Expenditure	Excess(+)/Saving(-)
(Rupees in lakhs)			
Other than tribal areas			
Revenue Section	268.30	274.62	(+) 6.32
Capital Section	542.68	431.71	(-) 110.97
Total	810.98	706.33	(-) 104.65
Tribal Areas			
Revenue Section	19.85	8.89	(-) 10.96
Capital Section	153.95	254.20	(+) 100.25
Total	173.80	263.09	(+) 89.29
Grand Total	984.78	969.42	(-) 15.36

In addition, the mechanical wing (5 mechanical divisions alone) rendered services to the value of Rs. 1761.86 lakhs from 1989-90 to 1993-94 to other divisions of the Department. Norms for incurring expenditure on regular establishment *vis-a-vis* output of workshop had not been fixed by the Department. Expenditure of Rs. 581.82 lakhs had been incurred on regular establishment of the mechanical circle office and five mechanical divisions during this period which constituted 33 per cent of

the value of jobs done (Rs. 1761.86 lakhs). The establishment expenditure would, thus, appear to be on the higher side.

5.1.6 Procurement/functioning of machinery

(i) The Engineer-in-Chief placed a supply order on a Calcutta based firm in May 1988 for the supply of Maximix Vibratory Tandom type Road Roller valued at Rs. 2.12 lakhs (inclusive of taxes and transportation from Calcutta to Rampur Bushehar). The machine weighing 2 tonnes, was designed to compact both soil and asphalt layers to the highest density in less number of passes through vibratory action system compared to a 8-10 tonnes static road roller. The machine was received in National Highway Division, Rampur in June 1988 and was put to use during the same month. The Superintending Engineer, 11th Circle, Rampur, after observing the site performance of the machine, reported to the Engineer-in-Chief in July 1988 that Maximix Road Roller was better than that of Usha Atlas road rollers.

Based on the report of the Superintending Engineer, another order for the supply of 3 more road rollers of the same make was placed on the same firm in August 1988 at the total cost of Rs. 6.36 lakhs. The machines were received by National Highway Division, Rampur in September 1988. The equipment was guaranteed for a period of one year. However, on the machines being put to use, their performance was not found satisfactory due to some manufacturing defects.

The Executive Engineers of Mechanical and National Highway Divisions, Rampur intimated (May 1994) that the hydraulic vibratory system of all the four road rollers had gone out of order within a short period of procurement and could not be repaired even by the mechanics of the manufacturers. It was also stated that the machines were not very suitable for hilly terrain. In view of the fact that the vital function of the machines had failed, the desired result of compaction with lesser weight could not be achieved. In the meantime, two of these four road rollers completely went out of order and were lying idle since June 1992 and February 1993 respectively at Mechanical Workshop, Rampur due to non-availability of spares. The remaining two road rollers were utilised thereafter but without achieving the desired result of compaction with lesser weight. The investment of Rs. 8.48 lakhs made on these unsuitable road rollers was thus injudicious.

(ii) One electric core drilling machine costing Rs. 1.50 lakhs meant for drilling and survey of various bridge works was received from Nurpur Division during 1974 and was lying idle in the Divisional Workshop at Dharamsala since July 1977. The machinery could not be put to use reportedly due to non-availability of electric connection in the field. The Executive Engineer, Mechanical Division, Dharamsala

intimated (June 1994) that efforts were being made to dispose of the machine.

Check of the records of Mechanical Division, Dharamsala revealed (September 1993) that another drilling machine costing Rs. 1 lakh and procured in June 1974 worked for 7,405 hours as of June 1993 against the prescribed working of 17,100 hours. The Executive Engineer attributed the underutilisation to less work and repairs. While the existing drilling machine remained underutilised for want of work, another machine was purchased (October 1989) for Rs. 5.52 lakhs. It could work only for 744.5 hours between November 1989 and September 1993 as against the prescribed working of 3,375 hours. The purchase of these machines was, thus, injudicious and had resulted in idle investment of Rs. 8.02 lakhs. The Executive Engineer attributed (June 1994) the purchase of additional drilling machine to utilisation of funds available for survey and investigation of bridge works under Kullu Division No.II. The machines were not put to use on the intended works.

(iii) The State Controller of Stores placed an order on a firm in March 1979 for the supply of 12 bulldozers for Rs. 68.52 lakhs on the basis of requisition received from the Chief Engineer (B&R), Shimla in October 1978. Approval of Government for the purchase of machinery had not been obtained. Further, a discount of Rs. 0.06 lakh per machine as allowed by the same supplier in the case of an earlier supply order placed in October 1978 was not secured for which no reasons were on record.

Scrutiny of the records of Mechanical Division, Dharamsala revealed (September 1993) that sanction for the purchase of only 4 bulldozers had been accorded by Government in October 1979 as against the purchase of 12 bulldozers. Action to get the purchase of 8 bulldozers regularised was not taken for a period of over 15 years. In January 1992, Government ordered fixation of responsibility for the excess purchase of 8 bulldozers involving an amount of Rs. 45.68 lakhs, which had not been done as of September 1993.

5.1.7 Less recovery of hire charges

Hire charges amounting to Rs. 30 lakhs were either not recovered or recovered short from the contractors as detailed below:

(i) Machinery like air compressors were provided to the contractors between 1988-89 and 1992-93 for the construction of Wazir Bowali Jhakri bye pass road by Nirmand Division. Hire charges rate of Rs. 137 per hour fixed in 1988-89 was stipulated for recovery in the agreements whereas it should have been recovered at Rs. 153 after adding the elements of interest and supervision charges. The contractors used the compressors for 28,469 hours and an amount of Rs. 4.56 lakhs was short

recovered from them. Failure of the Department in determining hire charges as per norms fixed thus resulted in short recovery from the contractors and loss to Government.

According to the agreements, hire charges were to be recovered from the contractors from the date the plant and machinery were made over to them up to the date of its return though the same may not be working for any cause except major break down. The recovery for idle hours was, thus, to be effected at the rate stipulated in the agreement. Contrary to these provisions, the Superintending Engineer, Rampur Circle fixed the rate of Rs. 46 per idle hour in October 1990 whereas the works had already been awarded to contractors during 1988-89 and 1989-90. The action of the Superintending Engineer was not supported by adequate justification and was, thus, against the provisions of the contract agreements already concluded.

The compressors issued to contractors remained unutilised for 4,560 hours between 1988-89 and 1992-93 and recovery was effected at the rate of Rs. 46 per hour as against the stipulated rate of Rs. 137 per hour resulting in undue favour of Rs. 4.15 lakhs to the contractors. The element of interest and supervision was not included in the hourly rate of Rs. 46. This resulted in short recovery of Rs. 0.73 lakh.

(ii) The contract agreements provided for the recovery of hire charges for each day of eight hours. The plant and machinery once issued to a contractor were not to be returned on account of lack of arrangements for labour, material, etc.

Scrutiny of various log books revealed the following:

(a) In Nirmand Division, recovery of hire charges had been made for 5 hours a day as against the stipulated 8 hours resulting in less recovery of Rs. 1.50 lakhs for 1,092 hours between April 1990 and October 1992.

(b) In 45 cases pertaining to the period from January 1986 to March 1994, recovery of hire charges was to be effected for 16,628 hours whereas recovery was actually effected for 5,083 hours in 4 divisions⁴ resulting in short realisation of Rs. 18.40 lakhs for 11,545 hours less accounted for when the compressors and dozers could not be used for reasons like non-availability of labour/material, minor repairs, rain, non-clearance of site, etc. These reasons were not covered under the contracts and recovery had to be effected for 8 hours a day except for major break down. An amount of Rs. 1.02 lakhs only had been recovered in the National Highway Division, Pandoh alone of the total recovery of Rs. 5.39 lakhs and action to recover the balance

⁴ Jassure (Rs. 1.38 lakhs), National Highway-Pandoh (Rs. 5.39 lakhs), Nirmand (Rs. 3.60 lakhs) and Rampur (Rs. 8.03 lakhs)

amount of Rs. 4.37 lakhs was stated (March 1992) to be in process. The other Executive Engineers stated (October 1993 to May 1994) that the matter would be investigated.

(c) Standard clause of the contract agreements stipulate that plant and machinery, when supplied to contractor shall be made over and taken back at the departmental store and the contractor shall bear the cost of carriage from store to site and back. Further, the contractor shall be responsible for all losses due to his failure to return the same. One air compressor (No.1600759) remained with contractor 'A' up to the last day of April 1990 in Nirmand Division. Thereafter, it was shown as in transit up to the last day of September 1990 for other work of contractor 'B'. The liability of the contractors for recovery of hire charges for 1,224 hours for the transit period of 153 days had not been determined. An amount of Rs. 1.68 lakhs had thus remained unrecovered.

The Executive Engineer stated (October 1993) that the matter would be investigated, which had not been done as of July 1994.

5.1.8 Utilisation of machinery

According to instructions issued by the Chief Engineer in April 1982, the desirable annual range of utilisation of various machines was fixed as under:

Serial number	Name of machine	Annual range of utilisation
		(In hours)
1.	Air compressor	1,200 to 1,500
2.	Road roller	1,000 to 1,200
3.	Bulldozer	800 to 1,200
4.	Hot mix plant	800 to 1,200

A review of the performance of various machines being maintained in 13 divisions⁵ revealed that the machines had worked only for 1,63,317 hours against the desirable minimum working of 4,63,200 hours during 1989-90 to 1993-94. The shortfall in percentage utilisation of machinery ranged between 13 and 99 during this

⁵ Chamba, Churah, Dehra, Jassure, Nirmand, Palampur, Rampur, Rohru, Sarkaghat, Shimla-II, Solan, Solan National Highway and Theog

period as detailed below:

Serial number	Particulars	Extent of underutilisation									
		1989-90		1990-91		1991-92		1992-93		1993-94	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
1.	Air compressors	68	21-29	71	30-98	49	42-98	48	26-99	9	46-93
2.	Road rollers	28	30-91	28	13-86	27	28-80	28	21-84	11	29-74
3.	Dozers	15	13-79	17	13-83	14	18-97	11	21-86	2	15-95

Hot mix plant-129 procured in 1973 at the cost of Rs. 1.02 lakhs worked only for 585 hours in Jassure Division as of April 1992 when it was declared surplus. The plant was still (December 1993) lying idle in the workshop at Nurpur. Another hot mix plant-131 purchased during the year 1977 at the cost of Rs. 1.02 lakhs worked under this division for 1,142 hours only as of March 1993 for want of work. In view of the fact that these plants largely remained idle and utilisation was 7 per cent only since the procurement, the Department failed in initiating timely action for their utilisation elsewhere. The Executive Engineer stated (January 1994) that the machines would be transferred to the needy divisions.

Underutilisation of machinery was generally attributed by the divisions to the machinery being old and remaining under repairs, short working period, non-availability of funds/spare parts/jobs, etc.

5.1.9 Underutilisation of stone crushers

Four Public Works Divisions⁶ were maintaining 4 stone crushers (one each) procured between 1979-80 and 1991-92 to meet the requirement of aggregate of the divisions concerned. Each crusher was to run for 1,000 hours in a year and was to crush 46,075 cubic metres of stone boulder at the rate of 1 to 3 cum per hour between 1988-89 and 1993-94 in 20,000 minimum available hours. These were, however, utilised for 4,748 hours as against the prescribed 20,000 hours and 9,817 cubic metres of aggregate was crushed. Underutilisation of stone crushers to the extent of 65 to 82 per cent resulted in short crushing of 36,258 cubic metres of aggregate. Scrutiny of the records of these divisions revealed that 32,594 cubic metres of aggregate costing Rs. 33.40 lakhs had to be purchased from the market for use on various works between 1988-89 and 1993-94. Underutilisation of stone crushers was attributed by the Executive Engineers concerned to intermittent supply of electricity, the crushers being old and non-availability of stones.

An expenditure of Rs. 22.17 lakhs was incurred by Chamba, Churah and Rampur Divisions between 1988-89 and 1993-94 on the running and maintenance of 3 crushers whereas the output was of the value of Rs. 15.48 lakhs thereby resulting in operational loss of Rs. 6.69 lakhs. Had maintenance and installation of these crushers been properly managed and adequate arrangements for other inputs made, idle hours and consequent loss could have considerably been minimised.

5.1.10 Unproductive expenditure on operational staff

Expenditure of Rs. 9.44 lakhs was incurred between January 1989 and October 1993 on pay and allowances of the establishment deployed on machinery in 6 divisions⁷ which remained idle either for want of repairs or without any works ranging from 3 to 21 months. The Department failed either to expedite the repairs or to explore the possibility of utilisation of operational staff elsewhere. The expenditure thus proved unproductive.

5.1.11 Irregular/injudicious procurement of spares

(i) To improve the efficiency of workshops and also to purchase genuine spares from principal manufacturers at competitive rates, the Engineer-in-Chief issued instructions in November 1986 to fix minimum and maximum level of spares. It was also enjoined that local purchases should be minimised. It was pointed out by the Engineer-in-Chief in November 1993 that the instructions were not being followed and spurious spare parts were finding their way to the stores. Non-compliance of the instructions resulted in injudicious purchases as detailed below:

(a) Spares costing Rs. 2.06 lakhs purchased during 1971-89 became obsolete with the passage of time as the machinery/vehicles for which these were purchased had become outdated and were not in use. These spares injudiciously purchased still awaited (May 1994) condemnation/disposal in 7 divisions⁸.

(b) Spare parts of machinery/vehicles valued at Rs. 10.24 lakhs purchased by 10 divisions⁹ between September 1976 and March 1991 were declared surplus to the requirements of the divisions. While 4 divisions (Churah, Jassure, Mechanical Shimla

⁷ Chamba, Kaza, Nirmand, Palampur, Shimla-III and Theog

⁸ Mechanical Bilaspur, Churah, Dehra, Dharamsala, Jassure, Rampur and Solan

⁹ Bilaspur (Mechanical), Churah, Dehra, Dharamsala (Mechanical), Jassure, Jubbal, National Highway Solan, Rampur (Mechanical), Shimla (Mechanical) and Solan

and National Highway, Solan) had circulated lists of surplus spares without getting any response, no action had been taken by the remaining 6 divisions. This resulted in blocking of funds.

(ii) The Executive Engineers/Superintending Engineers are empowered to make local purchase of spares subject an annual limit of Rs. 0.50 lakh/Rs. 1 lakh respectively. In five mechanical divisions¹⁰, spares costing Rs. 283.80 lakhs had been purchased locally between 1989-90 and 1993-94. The purchases made in excess of the prescribed limits had not been got regularised as of May 1994.

It was also noticed that spares costing Rs. 8.50 lakhs, though borne on rate contracts, were procured locally at higher rates between 1990-91 and 1993-94 in 4 mechanical divisions¹¹ resulting in avoidable expenditure of Rs. 3.64 lakhs. Besides, 7-8 per cent surcharge had been charged extra by the authorised dealers on the local purchases of Rs. 19.60 lakhs made between 1990-91 and 1993-94 by 2 mechanical divisions¹² resulting in extra avoidable expenditure of Rs. 1.95 lakhs.

The Executive Engineers of mechanical divisions stated (May/June 1994) that local purchases had to be resorted to since proposals sent/supplies arranged from principal manufacturers did not materialise in time. The contention was not tenable as timely action to process the cases for purchase of spare parts, had not been taken. The Department had also not devised a suitable procedure for consolidated purchase of genuine spare parts, to avoid local purchases and to get the benefit of competitive rates.

5.1.12 Non-disposal of dismantled/unserviceable parts

Dismantled/unserviceable parts, tyres, etc., valued at Rs. 60.72 lakhs had accumulated since 1974 and were awaiting (May 1994) condemnation/disposal in 12 divisions¹³. Action to dispose of the materials had not been taken. This resulted in unnecessary occupation of space in stores.

¹⁰ Bilaspur, Dharamsala, Kullu, Rampur and Shimla(Dhalli)

¹¹ Bilaspur, Dharamsala, Rampur and Shimla(Dhalli)

¹² Rampur and Shimla

¹³ Mechanical Divisions- Bilaspur, Dharamsala, Kullu, Rampur and Shimla; Civil Divisions- Churah, Jassure, Jubbal, Kasauli, Rohru, Solan and Solan National Highway .

Workshops

5.1.13 Repair of machines

(i) No time limit for carrying out different jobs of repairs to machinery in the workshops had been laid down and the delay in repairs of machines in 5 mechanical divisions in 203 cases ranged between 1 and 24 months. Sixteen machines (cost: Rs. 83.64 lakhs) were lying unrepaired in the workshops from April 1986 to January 1994. This resulted in the operational staff remaining idle for considerably long periods. Delay in repairs was attributed to time taken to arrange for procurement of spares, etc.

(ii) The Engineer-in-Chief issued instructions in November 1987 that repair of machinery (except machining jobs) must be carried out through mechanical workshops of the Department. Contrary to these instructions, jobs such as overhauling of pumps, providing and fitting of spares, fabrication of body, etc., valued at Rs. 125.71 lakhs were carried out by 7 divisions¹⁴ having mechanical workshops through private agencies between 1989-90 and 1993-94. Outside repairs were attributed by the Executive Engineers to non-availability of requisite facilities in the workshops. However, no action to equip the workshops had been taken. Justification for carrying out routine jobs like fixing of spares from private agencies was also not furnished.

(iii) In 12 divisions¹⁵, expenditure of Rs. 1244.49 lakhs had been incurred in 428 cases from 1989-90 to 1993-94 against the sanctioned amount of Rs. 325.13 lakhs. Revised estimates to regularise the excess expenditure of Rs. 919.36 lakhs had not been prepared as of May 1994. In 7 divisions¹⁶, 27,384 jobs of the money value of Rs. 1170.78 lakhs were executed without preparing estimates and obtaining sanction. The expenditure had not been regularised as of May 1994.

(iv) Expenditure of Rs. 7.23 lakhs incurred on the repairs in the following cases had been rendered unfruitful due to pre-mature failure of the machines after major repairs.

(a) Wheel dozer (4035/189) lying idle since August 1987 at Bilaspur workshop due to failure of engine was repaired and engine of the machine was overhauled in May

14 Mechanical Divisions- Bilaspur, Dharamsala, Kullu, Rampur and Shimla(Dhalli); Civil Divisions- Jubbal and R. hu

15 Mechanical- Bilaspur, Dharamsala, Kullu, Rampur, Shimla(Dhalli); Civil- Kasauli, Nirmand, Rampur, Sarkaghat, Shimla-II, National Highway-Solan and Theog

16 Mechanical- Bilaspur, Dharamsala, Kullu, Rampur, Shimla(Dhalli); Civil- Churah and Jassore

1989 at the cost of Rs. 1.35 lakhs. When the unit was commissioned in May 1989, it could work only for 40 hours and went out of order because of failure of the engine assembly. The Executive Engineer stated (May 1994) that there was sudden break down and no specific reasons could be attributed but that the failure might have been due to unaligned connecting rod or sudden breakage and opening of piston pin lock.

(b) The engine of Michigan dozer-191 pertaining to Kumarsain Division was overhauled in the workshop at Dhalli during March 1983 at the cost of Rs. 0.91 lakh. The machine, after working for 4,000 hours as of February 1986, went out of order due to failure of engine. The engine was overhauled and the crank shaft was replaced at the cost of Rs. 1.22 lakhs. The engine failed again only after working for 71 hours. The Executive Engineer, Mechanical Division, Dhalli attributed (March 1994) the failure to manufacturing defects in the crank shaft. The Department could not obtain any guarantee against manufacturing defects.

(c) Dozer-8933 pertaining to Jubbal Division was received in the workshop at Dhalli in December 1993 for repairs/engine overhauling and the requisite job was completed in the same month at the cost of Rs. 1.80 lakhs. The dozer, when put to use in January 1994, reportedly tilted and the engine was found failed. The requisite enquiry for pre-mature failure of engine was stated (March 1994) to be under process with the Superintending Engineer, 2nd Circle, Shimla.

(d) Dozer-8913 pertaining to Rampur Division was procured in June 1987 at the cost of Rs. 11.27 lakhs. Major repairs like overhauling of engine were carried out at Mechanical workshop, Rampur for Rs. 0.63 lakh. The engine seized in April 1991 reportedly due to carelessness of the operating staff. The Executive Engineer, Mechanical Division, Rampur intimated (May 1991) that the engine could have been saved had the operator been attentive. The major repairs/overhauling of engine were again carried out in May 1991 at the cost of Rs. 1.32 lakhs and the machine could work only for 528 hours between June 1991 and February 1992 when the engine was found seized again reportedly (March 1992) due to careless operation. The Executive Engineer, Buildings and Roads Division, Rampur refuted (May 1994) the charges of negligent operations and requested the Superintending Engineer, 11th Circle, Rampur to institute an enquiry to find out the exact causes for premature failure of repairs. Further developments were awaited.

5.1.14 Outstanding dues

The expenditure incurred on repairs of machinery was required to be reimbursed by the division on whose behalf repair jobs were done.

It was noticed that in 7 divisions¹⁷ an amount of Rs. 1135.52 lakhs spent on repairs of machinery pertaining to the period from 1980-81 onwards was awaiting recovery from other divisions/offices.

5.1.15 Losses in running of workshops/machinery

The difference between operation and out-turn is required to be adjusted before the manufacture accounts are closed. It was noticed that the manufacture accounts were not closed in 23 divisions¹⁸ and debit balances, which showed accumulated losses as of March 1994 in running of workshops/machinery amounting to Rs. 776.07 lakhs, remained to be adjusted. Action to investigate the losses in the running of machinery/workshops had not been taken.

Norms for fixing daily working hours for deployment of labour and determining the labour rates for repair jobs had not been fixed. There was no uniformity in daily working hours and hourly rates of wages for various categories of staff deployed for carrying out repairs of machinery. The daily working hours varied from four to seven hours a day in different workshops. The wages paid to labour was uniform in all the workshops but the labour rates had been charged at varying rates for different categories of works during the years 1991-92 and 1992-93 in 10 divisions¹⁹. The variation ranged between 62 and 755 per cent. The manufacturing accounts did not thus reflect the realistic picture due to adoption of varied and unanalysed labour rates for repair jobs.

The services of the labour engaged could also not be fully utilised for want of work. In Mechanical Division, Dhalli, the labour could work for 71,144 hours as against the required working of 1,65,381 hours during 1993-94. The idle hours had largely contributed to losses in the running of workshops. Time cards to ensure full utilisation of manpower were not being maintained in other mechanical Divisions.

5.1.16 Unserviceable/idle machinery

- (i) One of the functions of the Mechanical Wing of the Department is to arrange

17 Mechanical- Bilaspur, Dharamsala, Kullu, Rampur, Shimla(Dhalli); Civil- Churah and Jassure

18 Mechanical- Bilaspur, Dharamsala, Kullu, Rampur, Shimla(Dhalli); Civil- Chamba, Churah, Dehra, Jassure, Jubbal, Kasauli, Nirmand, Nurpur, Palampur, Rampur, Rohru, Sarkaghat, Shimla-II, Shimla-III, Solan, National Highway-Solan, Sundernagar and Theog

19 Mechanical- Bilaspur, Dharamsala, Kullu, Rampur, Shimla(Dhalli); Civil- Churah, Jassure, Jubbal, Rohru and Solan

disposal of old and condemned machinery lying with the various divisions. As many as 54 machines like rigs, cars, jeeps, diesel engines, air compressors, dozers. etc., of the book value of Rs. 68.97 lakhs were lying unserviceable with different divisions/workshops awaiting disposal since 1966-67 onwards. In some cases survey reports had been prepared and action in other cases was under process.

(ii) A speed craft road roller-7909173 was purchased by Mechanical Division, Dhalli in 1979 at the cost of Rs. 0.80 lakh. The machine, which is of a rare make, was giving trouble ever since its procurement and was lying idle since March 1989. The Executive Engineer suggested (February 1991) its premature condemnation since it was found to be beyond economical repairs. Action for the disposal had not been initiated (March 1994).

(iii) In Shimla Division No.II, 6 machines (shovels, tipper and dozer) purchased between 1970 and 1988 at the cost of Rs. 80.50 lakhs were lying idle since March 1988 to June 1991 due to mechanical defects as well as lack of work. Action to get these machines either repaired or declared unserviceable, if beyond economic repairs, had not been taken.

(iv) Government reiterated (January 1994) its decision for not using condemned vehicles which were considered uneconomical and also unsafe. In Kullu and Rampur Mechanical Divisions, 2 jeeps of 1968 and 1979 model were condemned by the condemnation board in January 1985 and January 1992. The vehicles were, however, being plied on road as of May 1994.

(v) According to the information supplied (September 1993) by the Engineer-in-Chief, 43 unserviceable vehicles had been auctioned and sale proceeds of Rs. 12.18 lakhs were realised. It was noticed that sales tax amounting to Rs. 1.34 lakhs leviable on the bid money had not been recovered. The statutory provisions were also not observed. The Engineer-in-Chief stated (June 1994) that the matter was under correspondence with field offices.

5.1.17 Shortages of stores

Stores valued at Rs. 1.83 lakhs were either not handed over or handed over short by three Junior Engineers (Mechanical) on their transfer from Mechanical Divisions, Dharamsala (two Junior Engineers) and Rampur (one Junior Engineer) between March 1986 and September 1992. They were either relieved without handing over charge or after handing over incomplete charge of their sections. While draft chargesheets against two Junior Engineers for shortages of Rs. 1.24 lakhs were under process, shortages valued at Rs. 0.59 lakh had not been reconciled/made good in the

third case.

5.1.18 Monitoring

The working of machinery, vehicles and workshops had never been reviewed by the Department with a view to exercising proper control over their performance. No system of inventory control existed in the Department.

5.1.19 These points were referred to Government in July 1994; reply had not been received (October 1994).

5.2 Excess consumption of fuelwood

Norms for the consumption of fuelwood for heating bitumen/grit/sand for tarring of road surface were initially fixed by the Department in May 1974. These were revised in December 1980 and again in January 1987, based on experience and after taking into account the altitude of the sites of works. Due allowance for winter season, atmospheric pressure and humidity at sites of work was also made in the revised norms.

Test-check of the records of Chopal and Kullu-II Divisions conducted during July 1993 and August 1993 revealed that against the permissible quantity of 10,412 quintals of fuelwood, 13,830 quintals had actually been consumed on 28 road works between May 1990 and May 1993. There was consequential excess consumption of 3,418 quintals of fuelwood costing Rs. 3.92 lakhs.

On this being pointed out in audit, the Executive Engineer, Kullu Division No.II stated (August 1993) that the norms prescribed in 1987 were on the lower side and the Engineer-in-Chief was being requested to revise the same. It was further stated (August 1994) that in fact the matter had already been referred to the Chief Engineer in March 1991 and the revision of norms was awaited. The contention was not acceptable in Audit as due allowance for these factors, as prescribed in the approved norms, had already been given while working out the excess consumption of fuelwood. Moreover, the statement of consumption forwarded by the Superintending Engineer to the Chief Engineer on the basis of verification of actual consumption related to the period from 1981-82 to 1983-84 and 1990-91. The mention of cases pertaining to the period from 1981-82 to 1983-84 is not relevant because norms were revised by the Engineer-in-Chief in January 1987. Out of the total excess consumption of 2,374 quintals pertaining to Kullu Division No.II, a quantity of 580 quintals pertained to 1990-91 and the balance quantity of 1,794 quintals is not covered by the reference made to the Chief Engineer in March 1991. Meanwhile action to get the excess

consumption regularised had not been initiated by the Division as of July 1994.

The Superintending Engineer, Second Circle, Shimla stated (June 1994) that the consumption of fuelwood was certainly more than the prescribed norms in places like Chopal where the temperature normally remains below normal due to dense forest and appreciably greater humidity. It was also stated that the concerned Junior Engineers had been asked to reconcile the excess consumption. Action taken on the advice of the Superintending Engineer to reconcile the excess consumption had not been intimated as of October 1994.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

5.3 Shortages of stores

Test-check of the records of two divisions¹ conducted during November 1993 and January 1994 revealed that materials costing Rs. 4.27 lakhs had either not been handed over or handed over short by two Junior Engineers to their successors at the time of their transfer during September 1991 and December 1991.

The Executive Engineer, Baijnath Division stated (August 1994) that the official had been placed under suspension from April 1993. It was also stated that final decision of the disciplinary authority on the chargesheet served upon the concerned Junior Engineer in November 1993 was awaited.

The Executive Engineer, Shimla Division No.II stated (July 1994) that final notice to deposit half of the amount of shortages was served upon the concerned Junior Engineer in July 1994. The balance amount was proposed to be recovered from his pay in instalments. Further developments were awaited (August 1994).

The matter was referred to Government in June 1994; reply has not been received (October 1994).

Irrigation and Public Health Department

5.4 Unutilised machinery

- (a) The Chamba Division awarded the work of supply and erection of 2 centrifugal pumps of 80-HP capacity each with allied accessories for installation on Lift

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Baijnath and Shimla-II

Irrigation Scheme; Kiani (Chamba district) to a Delhi based firm in December 1985 at the cost of Rs. 1.80 lakhs. The work was to be completed by June 1986. Subsequently, the jurisdiction of the scheme was transferred to Salooni Division on its creation in April 1986.

Test-check of the records of the Salooni Division conducted in October 1993 revealed that the machinery was supplied by the firm in March 1986 and September 1986 and a total payment of Rs. 1.67 lakhs, excluding the cost of erection charges and accessories, was made to the firm. The machinery was, however, not erected by the firm. Instead, the scheme was included in the USAID programme during 1988-89. The scope and design of the scheme were also changed and installation of two pumping sets of 65-HP capacity each was provided. The scheme was commissioned during 1991-92 according to the changed scope of work.

The pump-sets of 80-HP capacity purchased during 1986 were lying unutilised in the store of the division. Action either to explore the possibility of installation of these pump-sets on other schemes or to transfer these to needy divisions had not been taken as of July 1994. This resulted in blocking of public funds to the tune of Rs. 1.67 lakhs for a period of over 7 years.

(b) The Salooni Division purchased 13 multi-flow filters from two Damtal (Kangra district) based firms between March 1989 and October 1990 for installation on various gravity water supply schemes in Chamba district within one month and two months. Ninety *per cent* payment against the total tendered amount of Rs. 7.42 lakhs was made to the firms, but the balance 10 *per cent* was not released for want of installation of the filters by the firms. Compensation amounting to Rs. 0.33 lakh was levied under clause 2 of the contract agreements in 6 cases in June 1990 but recovery had not been made. Action in the remaining 7 cases had not been taken as of July 1994.

Test-check of the records of the division conducted in October 1993 revealed that out of the 13 filters supplied by the firms, 5 were installed departmentally on various water supply schemes between June 1992 and October 1992 and the remaining 8 were lying unutilised as of October 1993.

The Executive Engineer stated (October 1993) that the concerned firms had been requested many times to install the remaining filters. However, no records were available in the division to support this statement.

In the circumstances, the sum of Rs. 4.12 lakhs spent on the purchase of 8 filters, which had not been installed on the designated water supply schemes, remained blocked for a period of over four years while the beneficiaries were deprived of the benefit of supply of filtered water.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

5.5 Misappropriation of material

The work relating to laying of LDPE/HDPE pipes in water supply scheme, Devi Kothi (Chamba district) was entrusted to a contractor by Chamba Division against five work orders during 1983-84. The contractor started the work in October 1983 and completed the same in March 1985. The jurisdiction of the scheme was transferred to Salooni Division, on its creation in April 1986. Payments aggregating Rs. 0.61 lakh were made to the contractor between December 1991 and February 1992.

Scrutiny of the records of Salooni Division in January 1992 revealed that a total quantity of 15,400 running metres of pipes of various diameters had been issued to the contractor against which 6,100 running metres were shown to have been laid. It was, however, noticed that against 1,200 running metres of 40 mm diameter HDPE pipes issued to the contractor, consumption of 1,900 running metres of pipes had been shown in records, resulting in fictitious entry of 700 running metres of HDPE pipes having been laid. Action to reconcile the difference had not been taken as of July 1994. It would, thus, appear that only 5,400 running metres of pipes were actually laid by the contractor.

Failure to exercise the prescribed checks during the course of execution of work and to investigate the whereabouts of the balance quantity of 10,000 running metres of pipes (cost: Rs. 1.21 lakhs) had, thus, resulted in misappropriation of materials.

The Executive Engineer stated (October 1993) that the contractor was requested several times to intimate the whereabouts of the remaining quantity of pipes but no reply had been received from him. It was further stated that the Junior Engineer concerned had been asked to reconcile the matter failing which disciplinary proceedings would be initiated against him. Further developments were awaited (July 1994).

The matter was referred to Government in July 1994; reply has not been received (October 1994).

5.6 Shortages/fictitious consumption of stores

(a) In three divisions¹, stores (cost: Rs. 2.95 lakhs) had either not been handed

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Padhar, Salooni and Sundernagar

over or had been handed over short by three Junior Engineers to their successors at the time of their transfer between October 1989 and September 1992.

The Executive Engineer, Salooni Division stated (August 1993) that the concerned Junior Engineer had retired from Government service in October 1993. It was also stated that the findings of Enquiry Officer appointed in July 1994 were awaited.

The Executive Engineer, Padhar Division intimated (March 1994) that the amount would be intimated for recovery to the Executive Engineer, Palampur Division when the official has been transferred.

In the third case the chargesheet had been sent to the Executive Engineer, Sarkaghat Division by the Superintending Engineer, Irrigation and Public Health Circle, Sundernagar in May 1992 for issue to the Junior Engineer concerned. Further developments had not been intimated as of June 1994.

(b) In Chamba Division, 9,490-running metres of 15 mm diameter galvanised iron pipes were issued in March 1991 from the material-at-site accounts for consumption on the Water Supply Schemes, Theda-Pateda and Challiara-Banera (Chamba district), and were shown as having been consumed on these works in the records. In January 1992, Chamba Police seized 588-running metres galvanised iron pipes of 15 mm diameter which were being carried in a private truck. On the matter being reported to the Executive Engineer, an enquiry committee was constituted (January 1992) to measure and ascertain the quantity of pipes actually laid in these two schemes. On verification, the committee found that only 7,525-running metres of pipes had been laid, resulting in fictitious consumption of 1,965-running metres of GI pipes (cost: Rs. 0.46 lakh).

The concerned Junior Engineer was placed under suspension in November 1992. The police investigation had, however, not been completed as of July 1994.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

5.7 Idle investment owing to excessive purchase of stores

Financial rules of Government require that stores should be purchased in accordance with the definite requirements of public service and these should not be purchased much in excess of actual requirements.

Test-check of the records of four Divisions¹ conducted between March 1993 and October 1993 revealed that materials, such as galvanised iron pipes and fittings, chlorinators, cast iron pipes, etc., costing Rs. 22.46 lakhs, were purchased between March 1985 and June 1993. Of this, materials costing Rs. 15.97 lakhs were lying unutilised in stores (Rs. 3.61 lakhs) and the material-at-site accounts of works (Rs. 12.36 lakhs) as of July 1994. Of this, materials costing Rs. 5.28 lakhs had been lying unutilised in the accounts of works in the absence of any provision in the sanctioned estimates (3 works: Rs. 2.11 lakhs) and after completion of work (Rs. 3.17 lakhs).

Non-utilisation of materials in these cases had, thus, resulted in idle investment of Rs. 15.97 lakhs.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

5.8 Irregularities in the issue of materials

Rules prohibit fictitious stock adjustments such as debiting to a work the cost of materials not required or in excess of requirements, the debiting to a particular work for which funds are available of the value of materials intended to be utilised on another work for which no allotment has been sanctioned or the writing back of the value of materials used on a work to avoid excess outlay over appropriations.

Contrary to these rules, materials valued at Rs. 75.72 lakhs booked against 36 works by 5 Divisions¹ between February 1992 and March 1993 and were written back to stock between August 1992 and December 1993. These included materials valued at Rs. 41.08 lakhs booked against 16 works by 3 Divisions² without requirement or in excess of the provisions of the sanctioned estimates.

In Dehra Division, materials such as galvanised iron pipes, inter-link chains and tor steel valued at Rs. 25.87 lakhs were booked to 16 works apparently to utilise the budget grant received at the fag end of the year and were written back to stock between April 1993 and July 1993.

Similarly, in Indora Division materials such as galvanised iron pipes,

¹ Chamba, Kullu, Salooni and Solani

¹ Arki, Nahan, Paonta Sahib, Una-I and Una-II

² Arki, Una-I and Una-II

re-inforced cement concrete pipes, tor steel and corrugated galvanised iron sheets valued at Rs. 19.81 lakhs were booked to a work during March 1993 although these materials were not required to be used on that work. Of this, materials valued at Rs. 1.40 lakhs were transferred to other works between May 1993 and December 1993 and the remaining materials valued at Rs. 18.41 lakhs were lying unutilised in the material-at-site account of the work as of January 1994.

The booking of materials in all these cases had, thus, been carried out primarily with the objective of utilisation of available funds and was irregular.

The matter was referred to Government in August 1994; reply has not been received (October 1994).

Public Works and Irrigation & Public Health Department

5.9 Injudicious purchase of material

Financial rules of Government stipulate that stores should be purchased in accordance with definite requirement of works and these should not be purchased in excess of actual requirements.

The Public Works and Irrigation and Public Health State Workshop, Nahan purchased 79.505 tonnes of steel of various sizes and specifications (cost: Rs. 7.64 lakhs) between January 1989 and February 1991 for the fabrication of six bridges under 11th circle of the Public Works Department, Rampur. Of this, 17.070 tonnes of steel was utilised on the fabrication of 32/28-metres span bridge over Nagli *khad* at Batheda (Kinnaur district) and 62.435 tonnes remained unutilised as of December 1993.

The Executive Engineer of the Workshop stated (January 1994 and June 1994) that the Superintending Engineer, Rampur was requested in June 1992 to intimate the priority for the fabrication of next bridge but no priority was received. Meanwhile, 33.475 tonnes of steel (cost: Rs. 3.45 lakhs including handling and storage charges) had been sold to Mechanical Division, Dharamsala, Stores Sub-Division, Dhalli and Theog Sub-Division between January 1994 and June 1994. However, 28.960 tonnes (cost: Rs. 2.77 lakhs) was lying unutilised as of June 1994.

The purchase of materials had, thus, been made without assessing the specific requirements and had resulted in blocking of funds of Rs. 2.77 lakhs.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

Agriculture Department

5.10 Supply of agriculture inputs

Agriculture Department ensures timely and adequate supply of agriculture inputs like seeds, pesticides and implements, etc., to the farmers in the State. Rules envisage that sale proceeds of store/stock items should be promptly assessed, realised and deposited into the treasury. Also, stores should not be purchased much in excess of actual requirement. Test-check of the accounts of the Department conducted during May 1993 to May 1994, revealed the following points:

(i) The use of Benzine Hexa Chloride (BHC) on vegetable, fruits, oilseeds, crops and preservation of foodgrains was banned in October 1990 by the Government of India as it involved health hazards to human beings, animals and environment.

Notwithstanding this ban, 431.55 quintals BHC were purchased during November 1990 and November 1992 (cost: Rs. 1.34 lakhs) and were sold by the Department to the farmers during November 1990 to November 1992.

(ii) The use of Aluminium Phosphide was restricted in April 1992 by the Government of India. This pesticide was to be sold only to Government departments, Government Undertakings/Organisations, etc., to be used under strict supervision of the Government experts or Pest Control Operators whose expertise is approved by the Plant Protection Advisor to the Government of India.

In contravention of these instructions, 18,694 tins of Aluminium Phosphide costing Rs. 18.52 lakhs purchased during April 1992 to September 1993 were sold by the Department to the farmers during 1992-93 to 1993-94.

(iii) The Deputy Director of Agriculture (DDA), Chamba purchased (June 1993) 180 quintals saffron corns at the cost of Rs. 4.80 lakhs. Of this, 120 quintals were to be supplied to the farmers in Bharmour and 60 quintals in Pangti, on 75 per cent subsidy at both places.

According to the schedule prescribed by the Department the ideal period for sowing this crop is July. However, 107 quintals of saffron corns were sold to farmers in Bharmour area from September 1993 to January 1994 and the balance quantity (13 quintals; value: Rs. 0.39 lakh) was lying in stores at Bharmour as of February 1994.

Of the 60 quintals saffron corns (cost: Rs. 1.80 lakhs) earmarked for Pangti, the accounts were not made available as of February 1994. There was no information either as to when it was sold in Pangti Sub-Division.

(iv) DDA, Una purchased (December 1990) 800 kgs of the weedicide 'Isohit' at Rs. 1.92 lakhs. The expiry date of the pesticide was September 1991, but it was not issued to the field formations for sale to the farmers till November 1991.

Of this, 500.80 kgs had been sold to the farmers during November 1991 to December 1993 and the balance quantity of 299.20 kgs costing Rs. 0.75 lakh was lying in store as of January 1994. No reasons for selling the expired pesticide were advanced by the Department. The Deputy Director of Agriculture, Una stated (September 1994) that the farmers preferred to purchase the cheap variety of weedicides which was popular amongst them. The farmers also purchased weedicides from private dealers.

(v) Freight subsidy claims of levy cement were to be submitted for reimbursement to the concerned cement manufacturers within six months.

Under the biogas scheme, 8,900 tonnes of cement were allotted to the Department during 1982 to 1986. Of this, 8,435 tonnes were lifted on which freight subsidy aggregating Rs. 5.37 lakhs was admissible. Of this, reimbursement of Rs. 3.50 lakhs only was obtained and claims for Rs. 1.87 lakhs were rejected by the cement companies as these were time-barred.

The Director of Agriculture stated (June 1993) that the claims were received late in the Directorate from the field units due to which consolidated claims could not be submitted to the firms. The reply of the Director is not tenable as the concerned DDAs were the consignees, payment for the supplies was also made by them and steps should have been taken to ensure submission of claims in time.

(vi) The Government of India instructed (October 1989) a cement firm to pay interest at 14 *per cent* per annum accrued on the amounts advanced by the Director of Agriculture for procurement of cement in the event of delay in supplies.

In five units¹, Rs. 69.11 lakhs were paid to the company between 1984-85 and 1988-89, but the company supplied cement costing Rs. 57.34 lakhs only. A sum of Rs. 11.77 lakhs was either refunded or adjusted in subsequent supplies. Although the Department earned interest of Rs. 6.05 lakhs on such advances for non/delayed supply ranging from 5 to 100 months, the amount of interest was not recovered from the company as of June 1994. The Director of Agriculture stated (July 1994) that the matter had been taken up with the company in June 1993.

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Director of Agriculture, Shimla, DDA, Chamba, Kullu and Mandi and ASCO, Hamirpur

(vii) In 11 units², sale proceeds of stores/stock items of various agriculture inputs aggregating Rs. 104.63 lakhs realised during 1978-79 to 1993-94 had not been deposited into the treasury as of March 1994. Of this, Rs. 13.17 lakhs pertained to the ADOs in the office of the DDA, Bilaspur which had not been recovered, as directed by Government in April 1993 although arrears of revised pay scale amounting to Rs. 1.97 lakhs had been paid to them. No reasons for non-recovery of sale proceeds were intimated.

(viii)(a) During 1991-92, 1100.73 quintals of peas seed of different varieties was procured, as targeted, in Bilaspur district from the registered growers by the Director of Agriculture for further distribution to other districts in the State.

Of this, 444 quintals were lifted by the various DDAs, 456.45 quintals were sold under the USAID scheme to the farmers of Bilaspur district and the balance quantity of 200.28 quintals costing Rs. 3.20 lakhs was sold by auction in April 1993 at the rate of Rs. 750 per quintal against the actual sale rate of Rs. 1,600 per quintal. There was, thus, loss of Rs. 1.71 lakhs to the Department. No reasons for sale at lower rates were intimated (June 1994).

(b) Average consumption of peas seed in Bilaspur district during 1989-90 to 1991-92 was 38 quintals (1989-90: 38 quintals; 1990-91: 36 quintals and; 1991-92: 41 quintals). Against this, the DDA distributed 456.45 quintals of peas seed free of cost under USAID scheme during the year 1992-93. Distribution of 418.45 quintals of seed costing Rs. 6.70 lakhs over and above the average consumption of seed in the district was abnormally high. Reasons for the same were neither investigated nor intimated as of June 1994.

(ix) Stores of agriculture inputs worth Rs. 1.35 lakhs had not been handed over by a Village Extension Officer to his successor on his transfer in May 1993 from Kaza to Mandi. No action was taken by the Department to reconcile the shortages or to recover the cost of stores handed over short as of September 1993.

(x) The DDA, Mandi supplied 585 quintals of wheat seed (LP) *Sonalika* to DDA, Shimla (value: Rs. 3.22 lakhs) in July-September 1992 for *Rabi* 1992-93. The entire quantity of seed was infested with insects and was not fit for sowing. However, the entire quantity had been sold to farmers during *Rabi*-1992.

(xi) The ADO, Amb purchased 115 quintals ungraded wheat seed (HD-2380) (value: Rs. 2.09 lakhs) from a local grower during May-June 1993. The seed, when sent

for grading at the Government Grading Centre, Pekhubella, was found entirely shrivelled and damaged and could not be graded. In spite of this, 49 quintals were sold to farmers in Una district, 40 quintals sent to DDA, Hamirpur and 26 quintals was returned to ADO, Amb. The entire cost of Rs. 2.09 lakhs was not realised and deposited as of December 1993.

(xii) The DDA, Nahan purchased 50 quintals of maize seed (GK-444) from DAO, Kangra at Dharamsala in May 1991 for Rs. 0.60 lakh. Although the entire quantity was infested with pests and some of the bags (5 kgs packing) were badly eaten up and the grain totally damaged, 32.90 quintals were sold to farmers during *Kharif*-1991 and the balance 17.10 quintals (value: Rs. 0.21 lakh) was lying (December 1993) in the Central Store at Dhaulakuan. The sale proceeds of 32.90 quintals (value: Rs. 0.41 lakh) had not been deposited into treasury (December 1993).

(xiii) Scrutiny of stock registers of seeds, agricultural implements and plant protection material in 3 units³ revealed that material costing Rs. 1.87 lakhs was shown issued from the Central Stores to field formations between 1992-93 and 1993-94. Neither any indent nor the acknowledgement against such issues were on records.

(xiv) The DDA, Mandi supplied 3,583 bags of cement costing Rs. 3.91 lakhs and 200 bags of cement costing Rs. 0.22 lakh to the ASCO, Mandi and Bio-Gas-Supervisors, Sundernagar/Gopalpur on loan basis during February 1993 to January 1994. Neither the cost nor the quantity thereof was received back as of March 1994.

These points were referred to Government in August 1994; reply has not been received (October 1994).

Health and Family Welfare Department

5.11 Loss due to excessive purchase of medicine

The quota of Pethidine is allocated by the Drug Controller of India to the states. The drug received against the allocated quota is supplied to the licensed drug manufacturers in the State for manufacturing injections. The Pethidine injections are then purchased from these manufacturers by the Director of Health Services (DHS) and supplied to the Chief Medical Officer, Solan for further issue to various hospitals in accordance with the directions of the DHS.

There was a stock balance of 2.33 lakh ampules of Pethidine (value: Rs. 3.27 lakhs) as at the end of March 1988. Further supply of 1.57 lakhs and 1.50 lakhs

ampules was ordered by the DHS during 1988-89 and 1989-90 respectively at the cost of Rs. 4.39 lakhs, without ascertaining the requirement from the concerned CMOs and hospital authorities. Supply was received by the CMO, Solan by June 1989. However, during the period April 1988 to January 1994, only 3.14 lakh ampules were issued to various CMOs leaving thereby a balance of 2.26 lakh ampules costing Rs. 3.17 lakhs. Shelf life of these ampules expired in January 1994. In 7 units 0.55 lakh ampules remained unutilised. Shelf life of these ampules also expired.

It was noticed in audit that on an average 1.32 lakh ampules of Pethidine were issued annually by the CMO, Solan to various CMOs and hospitals during the period 1985-87. Thus, there was no justification for the purchase of 3.07 lakh ampules as ordered by the DHS over the period 1988-90 when a balance of 2.33 lakh ampules was lying with the CMO, Solan.

The DHS stated (July 1994) that with the invention of new injection of Pentazocine (Fortiwin) the doctors all of a sudden stopped the use of Pethidine injections. The plea of the Department was not tenable as there was no justification for the purchase of more injections when there was a sufficient stock available with the Department in 1988.

Excessive purchase of Pethidine injections without ascertaining the actual requirement from the field units thus resulted in a loss of Rs. 3.17 lakhs.

The matter was referred to Government in May 1994; reply has not been received (October 1994).

Forest Farming and Environmental Conservation Department

5.12 Shortages of stores

Materials costing Rs. 1.27 lakhs were found short in Chopal Forest Division at the time of physical verification of stores conducted during September 1988.

In addition, livery articles valued at Rs. 0.54 lakh were handed over short by the store-keeper of the Forest Division, Rohru at the time of his transfer in November 1992.

Action had not been taken to reconcile/recover the shortages as of April 1994.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, receipts and expenditure of bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. Section 15 of the Act prescribes that where any grant or loan is given for any specific purpose from the Consolidated Fund, the Comptroller and Auditor General shall scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants and loans were given. Under Section 19 of the Act, audit of the accounts of a statutory corporation may be entrusted by the Governor to the Comptroller and Auditor General.

During 1993-94, Government disbursed Rs. 7514.52 lakhs as grants to panchayats, municipalities, co-operative societies, educational institutions, etc., for the following purposes:

A	General Services	Amount (Rupees in lakhs)
(a)	Administration of Justice	5.00
(b)	Secretariat General Services	0.48
B	Social Services	
(a)	General Education	670.15
(b)	Water Supply and Sanitation	344.62
(c)	Sports and Youth Services	77.03
(d)	Art and Culture	65.86
(e)	Technical Education	30.00
(f)	Urban Development	10.00
C	Economic Services	
(a)	Transport	2250.00
(b)	Agricultural Research and Education	1400.18
(c)	Rural Development	1147.14
(d)	Compensation and Assignment	348.49
(e)	Special Programmes for Rural Development	282.85
(f)	Industries	239.89
(g)	Dairy Development	157.00
(h)	Roads and Bridges	114.57
(i)	Forest	102.00
(j)	Co-operation	87.00
(k)	Welfare	55.00
(l)	Animal Husbandry	45.77
(m)	Other Scientific Research	43.00
(n)	Tourism	21.57
(o)	Other Agricultural Programme	6.50
(p)	Fisheries	5.42
(q)	Science and Technology	5.00
	Total	7514.52

Under the Financial Rules, in all cases in which conditions are attached to grants, certificates to the effect that the grants had been utilised for purposes for which they were paid, are required to be furnished by the departmental officers to the Audit Office within one year of the disbursement of the grants, unless specified otherwise. The Public Accounts Committee had repeatedly expressed dissatisfaction with the slow progress of submission of utilisation certificates and had recommended that cases of unusual delays on the part of field officers should be duly investigated.

Of the 2,207 outstanding utilisation certificates due in respect of grants aggregating Rs. 6785.55 lakhs paid from 1978-79 to 1992-93, only 425 certificates for a sum of Rs. 2925.27 lakhs had been furnished by 30th September 1994 and 1,782 certificates for an aggregate amount of Rs. 3860.28 lakhs were in arrears. Department-wise breakup of the outstanding utilisation certificates was as follows:-

Serial number	Department	Number of Certificates	Amount
			(Rupees in lakhs)
1.	Education	794	1808.88
2.	Local Self Government	712	850.70
3.	Rural Development	122	707.15
4.	Industries	42	186.19
5.	Agriculture	14	171.79
6.	Tourism	8	32.00
7.	Animal Husbandry	4	31.34
8.	Sports and Youth Services	26	29.67
9.	Social Security and Welfare	28	22.96
10.	Fisheries	12	10.77
11.	Co-operation	13	5.94
12.	Administration of Justice	2	2.00
13.	General Administration (Social and Community Services)	4	0.82
14.	Secretariat General Services	1	0.07
	Total	1,782	3860.28

The following table contains an analysis of the extent of delay in furnishing the utilisation certificates.

Extent of delay	Number of certificates	Amount (Rupees in lakhs)
Up to three years	1105	2762.74
More than three years, but up to five years	229	391.54
More than five years, but less than ten years	384	421.55
More than ten years	64	284.45
Total	1,782	3860.28

In the absence of these certificates, it was not possible to ascertain whether the recipients had utilised the grants for the purpose(s) for which these were intended.

6.2 Audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act

6.2.1 General

To enable the Comptroller and Auditor General of India to undertake the audit of a body or authority under Section 14(1) of the Act, all bodies and authorities in receipt of financial assistance, including the unutilised balances if any, of grants and loans of the previous year(s), of not less than Rs. 25 lakhs in a year (Rs. 5 lakhs prior to 1983-84) from Government were required to submit their accounts to the Audit Office within six months of the close of the financial year. In cases where the audit of a body/authority becomes due under Section 14(1) of the Act in a particular year, the audit of the body/authority in the next two years is also conducted under Section 14(3) *ibid* notwithstanding that the prescribed conditions are not fulfilled during any of the two subsequent years.

There were, however, substantial delays, ranging between 2 and 74 months, in receipt of accounts as indicated below:

Year of accounts	Number of bodies/ authorities	Number of accounts received					Total	Number of accounts awaited as on 31st March 1994
		Between April 1987 and September 1990	Between October 1990 and September 1991	Between October 1991 and September 1992	Between October 1992 and September 1993	Between October 1993 and March 1994		
1986-87	38	35	1	--	1	1	38	Nil
1987-88	38	25	3	--	3	7	38	Nil
1988-89	38	2	18	7	3	8	38	Nil
1989-90	34	--	5	10	8	11	34	Nil
1990-91	34	--	--	11	6	17	34	Nil
1991-92	34	--	--	2	6	14	22	12
1992-93	33	--	--	--	--	13	13	20

Of the 33 bodies/authorities, accounts of 13 were received for 1992-93 and 11 attracted the provisions of Section 14 of the Act and were accordingly selected for audit during 1993-94. Of the remaining 20 bodies/authorities, whose accounts were not received, 11 were also selected for audit in terms of Section 14(3) of the Act. The application of the provisions of Section 14 of the Act in respect of the remaining 9 bodies/authorities could not be determined due to non-receipt of their accounts.

Certain points of interest arising out of audit under Section 14 of the Act are

mentioned in the succeeding paragraphs.

Horticulture Department

6.2.2 Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni (Solan)

6.2.2.1 Introduction

Dr. Y.S. Parmar University of Horticulture and Forestry (UHF), Nauni (Solan) was established after delinking Solan campus from Himachal Pradesh Krishi Vishva Vidyalaya, Palampur under Himachal Pradesh University of Agriculture, Horticulture and Forestry Act, 1986, on 1st December 1985 for the development of horticulture, forestry and allied sciences.

6.2.2.2 Organisational set up

The overall working of UHF was managed by the Board of Management, the Academic Council, the Faculties and such other bodies, as may be declared for the purpose under the statutes of the University. The Vice-Chancellor was the principal executive and academic officer of the University and *ex-officio* Chairman of the Board and the Academic Council. In discharge of his duties, he is assisted by the Deans of Colleges, Directors of Research and Extension Education, Registrar, Comptroller of Accounts, Estate Officer, etc.

6.2.2.3 Audit coverage

The accounts and other relevant records of the UHF for the period 1988-89 to 1992-93 were test-checked in November 1993 to February 1994 under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

6.2.2.4 Highlights

Since its inception in 1985 the University did not prepare the balance sheet.

(Paragraph 6.2.2.5)

During the period of seven years (July 1986 to June 1993), altogether

483 students had enrolled in the three academic programmes (Undergraduate, Masters and PhD). Of these 112 (23 per cent) had dropped out.

(Paragraph 6.2.2.6)

Norms for germination of seeds and mortality/survival of grafted plants had not been fixed. At Regional Fruit Research Station, Mashobra plants worth Rs. 1.71 lakhs were also recorded as dead after their successful germination/grafting. Further one nursery established at the cost of Rs. 1.25 lakhs on land not belonging to the University was irreparably damaged by a local inhabitant.

(Paragraph 6.2.2.7)

Of the grant of Rs. 24.87 lakhs received by the University from the World Bank through State Forest Department, only Rs. 19.80 lakhs were spent under the Umbrella Social Forestry Project.

(Paragraph 6.2.2.8)

Under the Centrally sponsored scheme training on home scale preservation of fruits and vegetables', the UHF arbitrarily reduced the duration of training camps from 5 days to 1-2 days. During 1987-88 to 1992-93, against the target of 1,200 camps of 5 days duration to train 36,000 individuals, the UHF could conduct only 464 camps of 1-2 days duration and train 22,272 trainees. The shortfall in number of camps held was 61 per cent and in respect of persons trained 38 per cent.

(Paragraph 6.2.2.9)

Out of a grant of Rs. 28.74 lakhs received from the Ford Foundation between 1989-90 and 1992-93 for utilisation on charitable scientific, liberty and educational purposes, Rs. 14.83 lakhs were spent on procurement of machinery and equipment not provided in the scheme.

(Paragraph 6.2.2.10)

The UHF resources were overburdened by Rs. 6.21 lakhs due to high cost of production of mushroom seeds and low yield of mushroom.

(Paragraph 6.2.2.11)

The building for the atmospheric control chamber at Regional Fruit Research Station, Mashobra completed in November 1988 at the cost of Rs. 2.78 lakhs had not been put to use for the last five years for want of equipment.

Laboratory block of Regional Fruit Research Station, Seobagh (Kullu) completed in March 1992 at Rs. 4.89 lakhs and laboratory equipments, etc. valued at Rs. 3.53 lakhs remained unutilised for want of electric connection.

(Paragraph 6.2.2.12)

Machinery and equipment worth Rs. 42.59 lakhs were lying idle as of February 1994 due to delay in repairs, non-procurement of raw materials, etc.

(Paragraph 6.2.2.13)

6.2.2.5 Financial outlay

The following table shows the grants received by UHF from various sources and its domestic income and the expenditure incurred thereagainst during the period from 1988-89 to 1992-93.

Particulars	1988-89	1989-90	1990-91	1991-92	1992-93
	(Rupees in lakhs)				
Opening balance	111.53	354.62	277.68	277.19	240.41
<u>Grants received</u>					
State Government	541.04	391.59	456.92	542.36	527.40
Central Government	9.02	53.65	36.82	43.98	51.27
Indian Council of Agriculture Research	159.42	178.12	179.12	193.40	255.45
Miscellaneous	81.75	44.36	72.76	328.86	113.67
<u>Miscellaneous receipts</u>					
Domestic	29.07	42.97	40.80	47.44	42.44
Other receipts	3.53	5.99	6.48	5.40	3.57
Total	935.36	1071.30	1070.58	1438.63	1234.21
Expenditure	580.74	793.62	793.39	1198.22	923.40
Closing balance	354.62	277.68	277.19	240.41	310.81

The balance-sheet of the University has not been prepared since inception even though Section 45(3) of the Act provides for submission of accounts and balance-

sheet to the Board of Management. The authorities stated (January 1994) that UHF not being a commercial organisation was not required to prepare the balance-sheet under normal rules.

The main objects of the University were as under:

- (i) making provision for imparting education in horticulture, forestry and other allied branches of learning;
- (ii) furthering the advancement of learning and prosecution of research, both basic and applied; and
- (iii) undertaking extension of such sciences, specially to the rural people of the State.

6.2.2.6 Academic activities

Academic Regulations of the University came into force from 1st January 1986 under an Act of the State Legislature. According to the Statutes of the University there was to be a Board of Studies for each of the two colleges- the College of Horticulture and the College of Forestry. The duration of different academic programmes was as under:

(a)	Under-graduate	4 years	8 semesters
(b)	Master's Programme	2 years	4 semesters
(c)	Ph.D. Programme	3 years	6 semesters

During scrutiny of the records following points were noticed:

(i) During July 1986 to June 1993, 483 students were enrolled, out of which 112 (23 per cent) dropped out. The percentage of drop out ranged between 13 and 41 in the aforementioned three programmes of studies, whereas the overall percentage of drop out was 20, 24 and 28 respectively. Reasons for drop out were recorded as 'student left (46)' and 'students expelled due to low overall grade point average (66)'. There was no evaluation/review made in an attempt to minimise the drop out rate.

(ii) It was also noticed that the University had not established Manpower and Planning Cell in accordance with the requirement of the statutes to take care of the employment and welfare of students who qualify in the programmes of Horticulture and Forestry. The Students Welfare Officer had also not maintained the record of employment of 371 students (Horticulture: 227 and Forestry: 144) who were declared successful in the three study programmes between July 1986 and June 1993. The

Student's Welfare Officer stated (January 1994) that steps were being taken to open the cell.

(iii) Expenditure of Rs. 0.71 lakh (Horticulture: Rs. 0.60 lakh and Forestry: Rs. 0.11 lakh) incurred on payment of scholarships/stipends to 74 students and 38 students (under-graduate programme: 17 and 16; Master's programme: 41 and 14 and Ph.D. programme: 16 and 8) who dropped out during this period from College of Horticulture and College of Forestry respectively had been rendered infructuous.

6.2.2.7 Performance of nurseries

The University has established nurseries for supply of the latest varieties of healthy plants to the growers. Expenditure incurred and income earned from five nurseries for the last five years ending March 1993 had been depicted in the following table:

Serial number	Name of the nursery	Expenditure	Income	Loss
		----- (Rupees in lakhs)		
1.	RHRS, Bajaura*	3.98	1.71	2.27
2.	RFRS, Mashobra*	7.15	1.54	5.61
3.	FCOM, Nauni*	6.13	3.85	2.28
4.	RHRS, Dhaulakuan*	2.62	0.36	2.26
5.	RHRS, Jachh*	9.86	2.09	7.77
Total:		29.74	9.55	20.19

It would be seen that all the nurseries were incurring heavy losses. Test-check of the records further revealed as under:

(i) The University had not laid down norms for germination of seed. There were wide variations in the level of successful germination of various species in the farm over

*
 1. Regional Horticulture Research Station (RHRS), Bajaura
 2. Regional Fruit Research Station (RFRS), Mashobra
 3. Fruit Culture and Orchard Management (FCOM), Nauni
 4. Regional Horticulture Research Station, Dhaulakuan.
 5. Regional Horticulture Research Station, Jachh

the last five years ending March 1993 as detailed below:

Serial number	Species	Germination percentage			
		Minimum		Maximum	
		Location of farm	percentage	Location of farm	percentage
1.	Apple	Bajaura	5	Mashobra	17
2.	Behmi	Mashobra	8	Bajaura	67
3.	Chuli	Mashobra	5	Bajaura	12
4.	Kainth	Bajaura	4	Nauni	12
5.	Khatti	Dhaulakuan	7	Jachh	14
6.	Mango	Dhaulakuan	13	Jachh	33
7.	Peach	Dhaulakuan	Nil	Bajaura	17
8.	Walnut	Bajaura	10	Nauni	29

The Associate Directors of nurseries attributed in January 1994 the failure of seed germination mainly to unprecedented drought and lack of facilities to assess the seed quality in selection of healthy stock, etc. The reasons furnished by the Directors of nurseries were not tenable as the germination varied from place to place whereas drought condition was almost the same throughout the State. The reason regarding lack of facilities in selection of healthy stock is also not acceptable as the UHF has the best technical know how in this regard.

(ii) Mortality/survival norms of the plants grafted had not been prescribed. The survival rate of various species is low and there was wide variation in the survival rate of such plants from one nursery to another during 1988-89 to 1992-93 as detailed below:

Serial number	Species	Location of farm	Minimum percentage	Location of farm	Maximum percentage
1.	Apple	Nauni	65	Mashobra	96
2.	Almond	Nauni	53	Mashobra	95
3.	Apricot	Nauni	36	Mashobra	100
4.	Lime	Dhaulakuan	49	Jachh	65
5.	Peach	Nauni	61	Bajaura	100
6.	Plum	Nauni	47	Mashobra	100
7.	Pear	Nauni	56	Mashobra	99

The Associate Directors of the concerned nurseries attributed the mortality to natural factors of drought and frost in the State.

(iii) In RFRS, Mashobra 39,076 plants (cost: Rs. 1.71 lakhs) died after successful germination and grafting during 1988-89 to 1992-93. No investigation in regard to the plants recorded as dead after successful germination/grafting was ever made. The

Associate Director stated (January 1994) that death of seedlings/grafted material was due to infestation with disease causing organisms.

(iv) Under a project 'Popular Improvement in India' financed by International Development and Research Centre (IDRC), Canada, the University received Rs. 14.40 lakhs between 1989-90 and 1992-93 to implement this project. Land measuring 1.5 hectares at Kosal (Kullu) was provided free of cost by the Forest Department in December 1989. Without getting the title of the land transferred in its name, the University incurred expenditure of Rs. 1.25 lakhs between January 1990 and August 1992 on raising the Popular nursery and on fencing, watch and ward etc. In July 1992, the entire nursery area was irreparably damaged due to local inhabitant ploughing it up with tractor and forcibly building a room thereon. The UHF did not report the matter to police on the ground that the nursery area was not in the name of the University. However, the matter was reported (July 1992) to the Forest Department who had provided the land for nursery. Further development was awaited as of February 1994.

The expenditure of Rs. 1.25 lakhs incurred on raising a nursery on the land not in the name of the University had, thus, gone waste.

6.2.2.8 Umbrella Project

Under Umbrella Social Forestry Project in the State, six schemes were drawn up in December 1988 for carrying out research in different aspects of social forestry at the University at the cost of Rs. 35 lakhs.

Research programmes of 5 years from 1988-89 to 1992-93 were drawn up by the University. Funds provided by the World Bank through State Forest Department and the expenditure incurred were as below:

Year	Receipts	Expenditure incurred on			Balance unspent
		Salary	Travelling allowance (Rupees in lakhs)	Contingencies	
1988-89	9.25	--	--	--	9.25
1989-90	--	0.44	0.01	6.01	6.46
1990-91	8.01	0.40	--	4.88	5.28
1991-92	7.61	0.63	0.09	2.60	3.32
1992-93	--	0.46	0.12	4.16	4.74
Total:	24.87	1.93	0.22	17.65	19.80

Test-check of the records of the project revealed that all the six research schemes were to be completed by March 1993 at the total cost of Rs. 35 lakhs. The

University could draw only Rs. 24.87 lakhs up to the scheduled culmination of the project in March 1993. Of this, Rs. 19.80 lakhs were spent and Rs. 5.07 lakhs were lying unspent as of March 1993.

6.2.2.9 Special sub-project-training in home scale preservation of fruits and vegetables

In August 1987, the Government of India sanctioned Rs. 50 lakhs for the implementation of special sub-project-training in home scale preservation of fruits and vegetables in rural areas in the State under World Bank assisted National Agricultural Extension Project-III. This was to be implemented during Seventh Five Year Plan. The project was extended in October 1993 up to 1993-94 with total outlay of Rs. 71.02 lakhs. The expenditure was to be shared by the Government of India and the State Government on 50:50 basis. Expenditure of Rs. 49.14 lakhs was incurred on the scheme as of March 1993.

The scheme provided for coverage of entire State divided into four regions with headquarters of each region located at the research centre of the University established at Sharbo, Mashobra, Bajaura and Jachh. Each region was to conduct 50 courses of 5 days duration and to train 1,500 persons every year. Achievements against the targets fixed were as indicated in the table below:

Region	Targets for 1987-88 to 1992-93		Achievement for 1987-88 to 1992-93		Shortfall(-) Excess (+)	
	Camps to be held (Duration 5 days)	Persons to be trained	Camps held of (1 to 2 days duration)	Persons trained	In holding camp	Training of persons
Jachh	300	9,000	177	12,601	(-)123	(+)3,601
Mashobra	300	9,000	94	2,563	(-)206	(-)6,437
Bajaura	300	9,000	103	3,684	(-)197	(-)5,316
Sharbo	300	9,000	90	3,424	(-)210	(-)5,576
Total	1,200	36,000	464	22,272	(-)736	(-)13,728

Scrutiny of the records of the scheme revealed the following:

- (i) The over-all shortfall in the number of camps held was 61 per cent and in respect of persons trained 38 per cent.
- (ii) The University had arbitrarily reduced the duration of courses from 5 days to 1-2 days.
- (iii) The scheme was not evaluated/monitored by the University and monthly/periodical reports were not sent to Government.

The shortfall in achievement was attributed (January 1994) by the University to various agitations in the State, higher altitude which remained covered under snow and non-availability of pick up vans. The reply is not tenable as the agitation during 1990 and 1991 were for a limited period; three pick up vans were purchased in 1988 and one in 1990 and only one region is in snow bound area.

6.2.2.10 Ford Foundation Project

Ford Foundation approved a grant of US \$ 2.72 lakhs in December 1986. Of this, expenditure of US \$ 1.40 lakhs was to be incurred by the Foundation itself on overseas facility development and the remaining US \$ 1.32 lakhs were to be spent by the University on research (US \$ 0.70 lakh), summer institute (US \$ 0.20 lakh), library acquisitions (US \$ 0.30 lakh) and vehicle (US \$ 0.12 lakh). The grant was to be utilised only for charitable, scientific, literary, or educational purposes and serious attention was to be given to the need and well being of women and disadvantaged groups of society and to their participation in the Foundation supported programmes. No substantial variation was to be made from the budget without the prior approval of the Foundation.

The Foundation released Rs. 28.74¹ lakhs between 1989-90 and 1992-93 of which Rs. 2.51 lakhs was for the purchase of vehicle. The remaining Rs. 26.23 lakhs were to be apportioned in the ratio of 7:2:3 for research, summer institute and library acquisition respectively according to the outlay approved by the Foundation in December 1986. The allocation according to the scheme and actual apportionment and expenditure incurred by the University were as below:

Particulars of items	Approved allocation	Allocation by UHF	Deviation excess(+)/less(-)	Actual expenditure
(Rupees in lakhs)				
1. Research	15.30	15.51	(+)0.21	15.57
2. Summer Institute	4.37	3.00	(-)1.37	2.35
3. Library acquisition	6.56	8.77	(+)2.21	9.11
4. Vehicles	2.51	1.46	(-)1.05	1.58
Total	28.74	28.74		28.61

Scrutiny of the records revealed the following:

- (i) Of Rs. 15.57 lakhs spent on research, Rs. 5.12 lakhs were utilised on approved items for research purpose and the remaining Rs. 10.45 lakhs were spent on

¹ 1989-90: Rs. 10.07 lakhs; 1991-92: Rs. 5.92 lakhs and 1992-93: Rs. 12.75 lakhs

the purchase of machinery and equipments which were not provided in the project.

(ii) Similarly of Rs. 9.11 lakhs spent on library acquisition, Rs. 4.38 lakhs were spent on purchase of machinery and equipment not provided in the scheme.

(iii) Deviations in apportionment of the funds were not got approved from the Foundation.

6.2.2.11 Working of mushroom research laboratory/farms

(i) In the mushroom research laboratory, Chambaghat against the expenditure of Rs. 4.08 lakhs incurred between 1988-89 and 1992-93 on the production of 53,075 bags of mushroom seed, income earned was Rs. 3.19 lakhs. This resulted in excess expenditure of Rs. 0.89 lakh. The University had taken no steps to wipe out the losses.

(ii) The University had fixed the norms that one bag of mushroom seed would produce 6 kilograms of mushroom. However, in the departmental farm Chambaghat 3,534 bags of mushroom seed were sown and yield of 5,792 kilograms of mushroom was obtained against 21,204 kilograms of mushroom as per norms laid down by the University. This resulted in less production of mushroom by 15,412 kilograms valued at Rs. 3.08 lakhs. Further, the Department incurred an expenditure of Rs. 3.34 lakhs for the production of 5,792 kilograms of mushroom against which revenue realised was only Rs. 1.10 lakhs resulting in an excess expenditure of Rs. 2.24 lakhs.

The reasons for shortfall in production of mushroom seeds, mushroom yield and not fixing the sale rate in conformity with cost of production have not been intimated (February 1994).

6.2.2.12 Construction activities

(a) According to the agreements executed with various contractors for execution of civil and electrical works, it was obligatory on the part of contractors to employ one qualified diploma holder (overseer) for works costing above Rs. 2 lakhs but less than Rs. 5 lakhs and one graduate engineer for works costing more than Rs. 5 lakhs.

The technical staff was required to be available at site whenever required by the Engineer-in-Charge. In case the contractor did not employ the technical staff as aforesaid, he was liable to pay Rs. 2,000 for each month of default in respect of the graduate engineer and Rs. 1,000 for each month of default in respect of the diploma holder. The contractor was required to give the name and bio-data of the engineers so employed. The contractor was further required to record a certificate on the bills to the

effect that the engineer/diploma holder was exclusively in his employment.

Test-check of records revealed that the contractors did not employ the staff on 48 works. The University authorities did not record instructions for the technical staff in the site order book, to prove their employment. Certificate regarding employment of technical staff was also not recorded by the contractors on the bills and measurement books according to the requirement of the agreement. The recovery due from the contractors on this account worked out to Rs. 15.61 lakhs between May 1988 and February 1994 in 48 cases, but had not been effected.

The Executive Engineer stated (February 1994) that the names of the technical staff deployed by the contractors were kept by memory only. This is not tenable in view of the fact that there is no indication about availability of the technical staff.

(b) In order to strengthen the research activities at RFRS, Mashobra, ICAR sanctioned Rs. 2.78 lakhs in April 1988 under National Agricultural Research Project Zone-III for the construction of atmospheric control chamber. The work was completed through a contractor in November 1988 at the sanctioned cost. However, no provision for infrastructure facilities was made by the funding agency (ICAR) to convert the building so constructed into an atmospheric control chamber. The Director stated (August 1994) that the World Bank Team on their visit to Mashobra in November 1990 had recommended Rs. 25.00 lakhs for the purchase of machinery. The funds had, however, not been released by the ICAR as of August 1994 which resulted in an unfruitful blocking of funds to the extent of Rs. 2.78 lakhs for over 5 years on construction of building .

(c)(i) Indian Council of Agricultural Research in September 1988 sanctioned Rs. 38.28 lakhs for civil works at Seobagh/Bajaura under National Agricultural Research Project Zone-II. The work was stipulated to be completed in four years. Of these funds, laboratory Block at RHRS, Seobag was completed in March 1992 at Rs. 4.27 lakhs and electric installations (cost: Rs. 0.62 lakh) were provided in August 1993. Laboratory equipment (cost: Rs. 3.53 lakhs) were also purchased between 1989 and 1993 against the provision of Rs. 3.88 lakhs made separately in the project.

It was stated by the Executive Engineer(C) in February 1994 that test report for providing electric connection was sent to the Associate Director, RHRS, Bajaura after electric installation in August 1993. The case for obtaining electric connection had not, however, been pursued with the Electricity Board either by the Executive Engineer or by the incharge RHRS. The electric connection had not been released by the HPSEB due to non-availability of the required load for which no provision was made

in the estimate by the University. The building and the laboratory equipment costing Rs. 8.42 lakhs were, thus, lying unutilised for want of electric connection as of February 1994. The Executive Engineer of the University stated (February 1994) that the probable date of getting electric connection was not known to his office.

(ii) A sum of Rs. 2.50 lakhs was received from ICAR for fencing and development of RHRS, Bajaura/Seobag in September 1988. The Associate Director(R), RHRS, Bajaura informed the Executive Engineer(C) in August 1990 that the area of RHRS, Seobag was already covered with boundary wall and required no fencing. The Associate Director, however, stated that area at Bajaura needed fencing. Notwithstanding the requirement of the Research Station, the Executive Engineer framed estimate for Rs. 2.42 lakhs for the fencing of Seobag area in June 1992 and awarded the work at the estimated cost in June 1992. Before start of the work by the contractor, the Associate Director again requested the Executive Engineer in December 1993 to reconsider his proposal but the Executive Engineer did not agree, on the plea that the estimate justifying the necessity of fencing was sanctioned by the competent authority. The work was in progress as of February 1994 and Rs. 0.51 lakh had been spent. The expenditure on fencing of Research Station where boundary wall was already in existence amounts to waste of funds.

(d) Under the National Agricultural Research Project, ICAR sanctioned Rs. 3 lakhs in September 1988 for providing irrigation facilities including installation of drip irrigation equipment for RHRS, Dhaulakuan. The project was closed during December 1992. However, work on the irrigation scheme continued and as of March 1993 construction of water tank, laying of rising main and installation of sub-mersible pump had been completed at the cost of Rs. 1.53 lakhs. Further work of purchase and installation of drip irrigation equipment, and sinking of tubewell was not undertaken due to lapse of funds of Rs. 1.47 lakhs on close of the scheme. The Senior Horticulturist, RHRS, Dhaulakuan stated (January 1994) that at present water was being lifted from the existing well which was, however, not sufficient to meet the requirement of the Station.

No reasons for delay in completion of the scheme and surrender of funds were advanced by the UHF.

(e) Construction of 7 works (estimated cost: Rs. 38.71 lakhs) which were taken up to provide residential accommodation to the employees of the University was held up after incurring an expenditure of Rs. 31.63 lakhs as of November 1993 for want of funds to be provided by ICAR.

(f) Advances aggregating Rs. 9.41 lakhs were paid to various firms by the

Executive Engineer between 1976-77 and 1992-93 for the purchase of building material such as steel, cement, etc. These advances had not, however, been adjusted as of February 1994. University authorities stated (January 1994) that actual receipt of material in respect of the advances paid cannot be verified at this stage due to inadequate staff.

6.2.2.13 Idle equipment

Different items of machinery and equipment acquired by various Departments of the University between August 1986 and November 1992 at Rs. 42.59 lakhs had either not been installed or not been gainfully utilised (February 1994) for reasons such as delay in repairs and replacement of defective parts, non-procurement of raw material, etc. Relevant details in this regard have been furnished in Appendix XII.

Non-commissioning/non-utilisation of the machinery and equipment resulted in idle investment, apart from non-realisation of the objectives for which these were procured.

The matter was referred to Government in July 1994; their reply has not been received (October 1994).

Fisheries Department

6.2.3 Unfruitful expenditure on fish seed farm, Deoli

With a view to provide inland fish culture in the State, the Government of India approved in March 1982 the setting up of Fish Farmers Development Agency (FFDA) at Una. The sanction, *inter alia*, provided that the State Government shall place one fish seed farm capable of producing 10 lakh fingerlings at the disposal of the FFDA. Accordingly, in January 1984 the State Government submitted to the Government of India a plan to set up a fish seed farm capable of catering to the requirement of six districts of the State with annual capacity of 5 million fingerlings at Deoli (Una district) at the estimated cost of Rs. 16.81 lakhs. The Government of India, however, approved total outlay of Rs. 12.40 lakhs only in August 1984. The estimated cost of the project was subsequently revised to Rs. 43.87 lakhs in December 1987.

In order to expedite early completion, the work was entrusted (March 1983) to FFDA and *grant-in-aid* of Rs. 24.75 lakhs was provided to FFDA between 1982-83 and 1992-93. FFDA took up execution in February 1984 and only 25 *per cent* works, like construction of 46 ponds, administrative building and protection works, were completed

at the cost of Rs. 15.86 lakhs as of August 1986. No work was done thereafter. During September 1988 the farm ponds, feeder channels, fencing and flood protection works were damaged and the whole of the farm area was submerged under water due to floods in Swan river. The damages were assessed at Rs. 2.58 lakhs. The damages have not been restored as of May 1994. The Director Fisheries stated in May 1994 that estimates for restoration of damages were being prepared.

The construction of percolation well (estimated cost: Rs. 8.78 lakhs) for providing water supply to the farm was entrusted to Irrigation and Public Health Department as deposit work in May 1992. Only 5 *per cent* of the work of the well had been done as of May 1994.

No record was available with the Department to show that proper investigation regarding retaintivity of soil and the highest flood level of the river had been carried out before taking up the work for execution. The Incharge, Fish Seed Farm, Deoli reported (March 1988) to the Chief Executive Officer, FFDA that water retaintivity in the farm soil was very poor according to the trials undertaken in January and February 1988 and water could not be retained in the ponds constructed at the cost of Rs. 6.68 lakhs. No action had been taken by the Department to arrest the seepage. The Director Fisheries stated (May 1994) that seepage in tanks was due to lowering down of the bed of Swan river by the floods in September 1988. The plea of the Director is not tenable as the seepage was noticed in January/February 1988 during trials of the tanks and the floods occurred only in September 1988.

The farm could not be completed due to damages caused by floods to the works which had been executed without proper site investigations and due to delay in taking up the work on percolation well for ensuring regular water supply. The expenditure of Rs. 15.86 lakhs incurred on these works had thus, remained unfruitful and the beneficiaries deprived of the intended benefits.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

Town and Country Planning Department

6.2.4 Inadmissible payment of tax on works

The work relating to laying of rising main of water supply scheme Kasumpati Zone of Shimla planning area and augmentation of Shimla water supply scheme was awarded to a contractor for Rs. 122.95 lakhs by the Shimla Development Authority (SDA) in March 1988. Completion by twelve months, was stipulated. However, the

work was completed in February 1992 and the contractor was paid Rs. 199.22 lakhs up to September 1991.

According to the contract agreement, all taxes and duties by Central, State or Local Bodies as applicable were payable extra, but tax on works was to be borne by the contractor. Notwithstanding these provisions of the contract agreement, a sum of Rs. 4.92 lakhs being tax on works payable to the State Excise and Taxation Department was reimbursed to the contractor up to September 1991 in the shape of sales tax; which was inadmissible.

The Chief Executive Officer-cum-Chief Engineer, Shimla Development Authority stated (January 1994) that payment had been made strictly in accordance with the clause of the contract agreement. The contention is not tenable as tax on works was to be borne by the contractor and there is no tax other than sales tax levied on work contracts.

The matter was referred to the Government in July 1994; reply has not been received (October 1994).

Rural Development Department

6.2.5 Unfruitful expenditure on construction of Lower Pooh Kuhl

Administrative approval for the construction of Flow Irrigation Scheme, Lower Pooh Kuhl, was accorded in January 1988 by the Project Director, Desert Development Project, Pooh for Rs. 12.53 lakhs. This sanction was revised to Rs. 12.68 lakhs in March 1990 due to increase in the alignment of kuhl. Designed to irrigate 20 hectares of land, the scheme was based on the spring source of Tinku Nallah having lean period discharge of 1.15 cusecs measured in January 1988 as against the requirement of 0.77 cusec for the scheme. Construction of kuhl was started during 1988-89 and completed in August 1993 at the cost of Rs. 19.83 lakhs by the Irrigation and Public Health (I&PH) Division, Pooh as a deposit work. The Executive Engineer, I&PH intimated (July 1993) the Project Director that regular commissioning of the scheme would not be feasible in the near future due to acute shortage of water at source. The Assistant Project Director, who had inspected the kuhl along with the Site Engineer, had also observed (September 1993) that the scheme could not be commissioned due to non-availability of water at source.

Apparently, the scheme had been executed without adequate investigation of the source. Thus, the expenditure of Rs. 19.83 lakhs has been rendered infructuous, depriving the beneficiaries of the intended benefits of irrigation.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

6.2.6 Unfruitful expenditure

Development of women and children in Rural Areas (DWCRA), a sub-scheme of Integrated Rural Development Programme, had a provision for the construction of a multipurpose community centre in each Block as the women needed a common working place, where they could assemble and carry on their activities.

Test-check of the records of the District Rural Development Agency, Kangra conducted in February 1994 revealed that a multipurpose community centre at Tiara in Kangra Block was constructed during 1989-90 at the cost of Rs. 2.30 lakhs. Handlooms with accessories valued at Rs. 0.55 lakh were provided to this centre in June 1992. The centre had, however, not been functioning and the building and the equipment were lying unutilised as of April 1994. The Block Development and Panchayat Officer, Kangra stated (August 1994) that the centre remained unutilised due to incomplete supply of accessories of handlooms like nalkies, hooks, shuttles, gote, rachh, needles, wood keeper, etc.

Thus, the expenditure of Rs. 2.85 lakhs incurred on the building (Rs. 2.30 lakhs) and equipment (Rs. 0.55 lakh) remained unfruitful and the women groups were not provided the facilities as envisaged in the scheme.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

Social and Women's Welfare Department

6.2.7 Infertuous expenditure on setting up of *Panjeeri* Plant

In order to meet the requirement of nutrition items of various nutrition feeding programmes being run by the State Government and the State Council for Child Welfare (Council) a proposal for setting up a *Panjeeri* Plant (estimated cost: Rs. 12 lakhs) with the total capacity of 4 tonnes in two shifts of eight hours each at Parwanoo in Solan district was formulated in July 1982 by the Council for obtaining financial assistance from the Government of India. The proposal was approved by the Indian Dairy Corporation, Baroda in April 1984 and a grant of Rs. 12 lakhs was sanctioned by the Indian Dairy Development Corporation, Baroda for this purpose through the Central Government.

The Secretary, Welfare Department pointed out (September 1985) that the project would produce energy food supplement worth Rs. 0.69 lakh per day against the requirement of Rs. 0.30 lakh which may create marketing problem. In reply, the Council stated (October 1988) that capacity of the plant could be increased or decreased according to the demand and as such there would be no marketing problem.

The matter regarding acquisition of land for installation of the plant at Parwanoo was taken up in July 1984 by the Council with the Deputy Commissioner, Solan but did not mature. The Council, arranged land in May 1988 for the plant at Hira Nagar in Shimla district. The grant of Rs. 12 lakhs was, released to the Council in October 1987, but in the meantime, the cost of the plant had increased to Rs. 18 lakhs.

The work of installation of the plant along with construction of building was awarded to a Thane (Bombay) based firm in August 1988 on turnkey basis at the cost of Rs. 21.03 lakhs.

The work was stipulated to be completed in 12 months from the effective date of contract. As per the conditions of the contract, 25 *per cent* advance payment was to be made at the time of signing the agreement and 25 *per cent* within five months thereafter. Against this Rs. 6 lakhs were paid to the firm (Rs. 3 lakhs in August 1988 and Rs. 3 lakhs in March 1989). The firm manufactured the plant at their workshop at Thane in January 1989 and asked the Council to handover the site for construction of the building. The Council, failed to do so inspite of repeated reminders from the firm. The Council intimated (August 1994) that when the civil works were in progress ownership dispute was raised over a chunk of site by a local inhabitant.

In its general body meeting held in August 1991, the Council decided to abandon the project as its operation was not considered profitable due to non-availability of consumers of *Panjeeri* in the State. A committee consisting of Secretary Welfare, Secretary Finance, and Director, Welfare Department was set up to go into the issues with regard to setting up of the plant. The committee, in its meeting held in February 1992, decided to obtain the opinion of Law Department in regard to seeking refund of the amount paid to the firm. The firm did not refund the amount and informed (December 1991) that the Council had failed in honoring the commitments of the terms and conditions of the agreement; as such the advance payment received by them stood forfeited. The General Secretary of the Council stated (August 1994) that a team of two officers held negotiations in September 1992 with the firm and it was agreed that the firm would supply documents regarding salvage value of machinery to arrive at the claims and counter claims of the firm and Council. The documents have not been received as of July 1994.

The Council is procuring nutritious items valuing more than Rs. 3 lakhs on an average every year from the open market.

Failure of the Department/Council to ensure viability of the project before sanction/award of the work thus resulted in infructuous expenditure of Rs. 6 lakhs, apart from, depriving beneficiaries of the intended benefits.

The matter was referred to Government in June 1994; reply has not been received (October 1994).

Agriculture Department

6.2.8 Unfruitful expenditure on construction of 11 KV Feeder

At the request of the Himachal Pradesh Krishi Vishwavidyalaya, Palampur, the Himachal Pradesh State Electricity Board (Board) authorities framed an estimate for Rs. 1.57 lakhs in February 1978 for the construction of 11 KV Feeder for providing bulk supply to the University. The University deposited Rs. 1.08 lakhs in February 1979 with the Board. However, the balance amount was not deposited by the University; the Board was instead asked in October 1979 to prepare a revised estimate with reduced scope (1st stage). The estimate was accordingly prepared in December 1979 for Rs. 0.95 lakh against which the Board incurred an expenditure of Rs. 1.03 lakhs as of August 1981. Against the provision of 3.91 kilometres HT line (36 poles), only 1.75 kilometres HT line (20 poles) was drawn. The remaining work could not be executed for want of funds from the University and the line is not operational. As no purpose was served with the work done, the Board on the request of the University submitted a tentative estimate for Rs. 2.12 lakhs in September 1986, revised to Rs. 3.80 lakhs in June 1990, for the construction of stage II of the work.

Test-check of the accounts of the University, in March 1994 revealed that the University had not deposited the amount with the Board due to paucity of funds and the work was lying abandoned. The expenditure of Rs. 1.08 lakhs incurred for providing bulk power to the University had thus remained unfruitful even after a period of sixteen years.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

6.3 Audit Under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act

Health and Family Welfare Department

6.3.1 Grants

The Health and Family Welfare Department sanctioned, between 1989-90 and 1993-94, grants aggregating Rs. 175.53 lakhs to three institutions namely Himachal Pradesh Red Cross Society, Shimla (Rs. 24.28 lakhs), Vivekanand Chikitsa Shiksha and Anusandhan Trust, Shimla (Rs. 150.00 lakhs) and Missionary Leprosy Home and Hospital, Palampur (Rs. 1.25 lakhs).

Test-check of the records of the sanctioning authority conducted in May-June 1994 revealed the following:

- (i) Rules regulating the payment of grants-in-aid to Himachal Pradesh Red Cross Society, Shimla, Vivekanand Chikitsa Shiksha and Anusandhan Trust, Shimla and Missionary Leprosy Home and Hospital, Palampur had not been framed as of June 1994, and grants were released to these institutions only on *ad hoc* basis.
- (ii) Utilisation Certificates for Rs. 117.53 lakhs were due to the Department as of June 1994. Delay in receipt of the certificates ranged between 2 and 38 months.
- (iii) Financial rules provide that audited statements of accounts relating to previous year should be obtained from the recipient institutions by the sanctioning authority before sanctioning further grants. It was, however, noticed that the grants of Rs. 175.53 lakhs had been released by the Department without receipt of audited statements of previous years; which were still awaited (June 1994).
- (iv) The Department had not evolved any mechanism by way of periodical inspections or reporting to ensure that the grants were utilised by the grantee institutions for the purpose for which these had been sanctioned.
- (v) The Department had not maintained records of assets created by the grantee institutions wholly or partially out of the grants paid to them.
- (vi) Financial rules require that every order sanctioning a grant should clearly specify the purpose for which the grant is sanctioned. It was, however, noticed that two grants aggregating Rs. 100 lakhs were sanctioned by the Department in favour of Vivekanand Chikitsa Shiksha and Anusandhan Trust, Shimla during the year 1992-93 without indicating the specific purpose for which these were disbursed. The demand applications of the grantee institution in respect of these grants were not on record.

(vii) Financial rules require execution of bonds by the grantee institutions before grants are released. Bonds were, however, not obtained by the Department from any of the grantee institutions mentioned above prior to payment of the grants to safeguard the interest of Government.

(viii) The prescribed register of grants to guard against double payment and also to watch fulfilment of various codal formalities had not been maintained by the Department for the period covered by audit.

The matter was referred to Government in July 1994; reply has not been received (October 1994).

Science Technology and Environment Department

6.3.2 Grants

The Science, Technology and Environment Department sanctioned, between 1989-90 and 1993-94, grants aggregating Rs. 910.41 lakhs to three institutions, namely State Council for Science, Technology and Environment, Himachal Pradesh Shimla (Rs. 179.21 lakhs), Himachal Pradesh, State Pollution Control Board, Shimla (Rs. 115.80 lakhs) and Himurja, Shimla (Rs. 615.40 lakhs).

Test-check of the records of the Department in June 1994 revealed the following points:

(i) Rules regulating the payment of grants-in-aid to State Council for Science, Technology and Environment, Shimla, State Pollution Control Board, Shimla and Himurja, Shimla had not been framed as of June 1994, and grants were released to these institutions only on *ad hoc* basis.

(ii) Financial rules provide that audited statements of accounts relating to previous year should be obtained from recipient institutions by the sanctioning authority before sanctioning further grants. It was, however, noticed that the grants of Rs. 910.41 lakhs were released by the Department during 1989-90 to 1993-94 without receipt of audited statements of previous years; which were still awaited (June 1994).

(iii) The sanctioning authority had maintained no records of the assets created by the grantee institutions wholly or partially out of the grants paid to them.

(iv) The prescribed register of grants to guard against double payments and also to watch fulfilment of various codal formalities had not been maintained by the Department for any year.

(v) Financial rules require that every order sanctioning a grant should clearly specify the purpose for which the grant is sanctioned. It was, however, noticed that grants aggregating Rs. 167.54 lakhs were sanctioned between 1989-90 and 1993-94 in favour of State Council for Science, Technology and Environment, without specifying the purpose for which the grants were disbursed.

(vi) In respect of grants for Rs. 218.17 lakhs sanctioned to Himurja, Shimla during 1992-93 (Rs. 125.92 lakhs) and 1993-94 (Rs. 92.25 lakhs) only provisional utilisation certificates, which are not covered under rules were furnished by the grantee organisation. Final utilisation certificates were neither furnished nor called for by the Department.

The matter was referred to Government in July 1994; final reply has not been received (October 1994).

6.4 Audit Under Section 19 of the Comptroller and Auditor General's (Duties, Powers and conditions of Service) Act

Industries Department

6.4.1 Himachal Pradesh Khadi and Village Industries Board, Shimla

The Himachal Pradesh Khadi and Village Industries Board was established in January 1968 under the Himachal Pradesh Khadi and Village Industries Board Act, 1966, with a view to sustaining and improving the lot of rural and semi-rural masses and encouraging the use of local raw material. Test-check of the records of the Board conducted from January to May 1993 and in May 1994 revealed the following:

6.4.2 Irregular sanction of loans and grants

Board provides loans and grants to the units set up under village industries out of the funds made available by the Khadi and Village Industries Commission (KVIC). These loans and grants are sanctioned to the beneficiaries for setting up viable projects subject to such other conditions as laid down in the sanction. During test-check it was noticed that proper appraisal required to be done at the time of processing the case for sanction of loans and grants and post-disbursement checks were not carried out as discussed below:

(a) The Board sanctioned loan and grant totalling Rs. 7.49 lakhs to three units

run by a *Laghu Sabun Udyog Samiti*, Mandi as indicated below:

Serial number	Name of unit	Amount sanctioned			Date of sanction
		Loan		Grant	
		For capital expenditure	For working capital		
(Rupees in lakhs)					
1.	Toilet soap base unit	1.50	1.50	0.05	January 1982
			--	--	January 1985
2.	Toilet soap unit	1.45	1.00	0.04	September 1983
			--	--	November 1985
3.	Laundry soap unit	0.70	--	--	March 1985
4.	To all above units		1.25	--	January 1987
		-----	-----	-----	
		3.65	3.75	0.09	

Scrutiny of the records revealed as under:

- (i) Proper assessment of composite working of these units was not done according to the pattern of assistance and instructions of the KVIC for financing such units.
- (ii) The period of lease deed of land and area of workshop shed was not according to the pattern of assistance.
- (iii) Loan and grant for base unit was released during March 1982. However, machinery to be arranged by the Board for the base unit was received in June 1984 after delay of more than two years.
- (iv) Working capital loan of Rs. 1.50 lakhs was released during January 1985 to the base unit before the commencement of functioning of the toilet soap unit which was to consume the products of the base unit.
- (v) Loan for setting up laundry unit was released before start of the functioning of the base unit and receipt of the machinery for the toilet soap unit.

These units came into production between August 1985 and January 1987. However, no post-disbursement inspections were carried out by the staff of the Board to watch the utilisation of money and progress of production of these units. The Director (Soap), KVIC, Bombay in his report (undated) pointed out that none of the units was functioning, no soap base was being produced, the *Samiti* had no trained personnel and the construction of sheds for pans was not done. The Board on the basis of this report did not conduct spot survey to find out reasons for the unit going sick. The loan was

recalled by the Board in March and November 1989. The party did not repay the loan and as such the case was referred to Collector in January 1992 for recovery as arrears of land revenue and only Rs. 0.03 lakh was recovered during November 1992. No follow up action was taken to expedite the remaining recovery of loan and grant Rs. 7.46 lakhs and interest Rs. 5 lakhs (up to March 1994) as of April 1994.

(b) Loan amounting to Rs. 0.91 lakh and grant of Rs. 0.04 lakh was sanctioned in August 1979 and released during November 1979 to August 1980 to a unit in Sirmour district. The loan sanctioning authority before release of funds for setting up of 'C' type cottage match unit did not confirm the possession of a licence under explosive Act with the loanee to store the raw materials like Potassium Chloride and Sulphur required for use in match unit. The loanee applied for the licence in May 1980 but failed to obtain the same. The repayment of the loan became due from November 1981 but it was not paid by the loanee. Though the loanee went into default right from the beginning, the Board referred the case to the District Collector, Nahan for recovery after 10 years in June 1992. The firm, however, obtained stay of recovery proceedings from the High Court in November 1992 on the ground that the production could not be started in the absence of a licence to store the raw material. The case was pending in the High Court as of April 1994. The Board had, thus, blocked funds of Rs. 0.95 lakh. Interest amounting to Rs. 1.17 lakhs (up to March 1994) had also become due for recovery as of April 1994.

(c) The Board sanctioned in September 1983 grant and loan amounting to Rs. 0.05 lakh and Rs. 1.40 lakhs respectively to a *Katha* manufacturing Association in Una district. Entire amount was released without ensuring whether Forest Department had granted permission to the Association for felling *Khair* trees used in manufacturing *Katha*. The unit in the absence of permission to fell trees could not start production. The case was referred in September 1989 to the District Collector, Una for recovery but was returned by him in March 1990 for obtaining the non-recovery certificate from the Collector, Shimla. The case was pending with the Collector Shimla as of April 1994. The loan amount of Rs. 1.45 lakhs and interest Rs. 1.37 lakhs (upto March 1994) remained unrecovered as of April 1994.

(d) The Board sanctioned in September 1983 Rs. 0.04 lakh as grant and Rs. 0.91 lakh as loan to an Association for setting up match industry. Scrutiny of records revealed that in June 1988 when an amount of Rs. 0.50 lakh had already become overdue for recovery, the field officer asked the Association to furnish receipts, etc. to prove that the amount had been utilised for the purpose for which it was sanctioned. The Association neither furnished necessary documents/utilisation certificate nor repaid the amount of overdue instalments. Notice to the loanee for the repayment of entire amount along with penal interest was issued in August 1988. The

case was finally referred in April 1992 to the District Collector, Kangra for effecting recovery as arrears of land revenue. Consequently recovery of loan and grant of Rs. 0.95 lakh and interest amounting to Rs. 0.90 lakh (up to March 1994) had not been effected as of April 1994.

6.4.3 Loans and grants under Special Programme for Integrated Rural Development Programme (IRDP) families

Una district was one of the 14 districts selected by the Khadi and Village Industries Commission (Commission) in the country for intensifying area development.

During 1989-90, loan of Rs. 113.30 lakhs and grants Rs. 43.64 lakhs was proposed for disbursement to 4,070 units in 11 trades along with programmes to impart training to 400 persons in fibre industry and 200 persons in bee-keeping. Only families identified for assistance under the IRDP were to be covered under the scheme and guarantee from the District Rural Development Agency (DRDA) for reimbursement of grant initially released by the Board from its own funds was a pre-requisite. The Commission allocated (October 1989) Rs. 16.28 lakhs as grant and Rs. 50.35 lakhs as loan to 1,145 loanees in six trades along with training programme for 100 persons in bee-keeping. During the course of audit, it was noticed that against the funds allocated for the year 1989-90, the Board had disbursed only Rs. 6.05 lakhs as grant and Rs. 10.98 lakhs as loan to 235 beneficiaries.

The recoupment claim for grant of Rs. 6.74 lakhs sent to DRDA in June 1990 was accepted in September 1992 for Rs. 4.88 lakhs as only this much amount was certified as disbursed by the Block Development Officers. Though the amount was refund of the expenditure incurred by the Board, the Executive Officer remitted the amount to the Commission during September 1992 for which no reasons were on record. Funds were not released under the scheme in the subsequent years as no efforts were made by the Board to obtain DRDA commitments.

The Board did not regulate post-disbursement visits to ensure proper utilisation and existence of the units. The Commission conducted such inspections of eight units and intimated the Board in August 1992 that the beneficiaries were either not working or did not have the necessary equipment. The Commission also suggested inspection of all units; recovery of loan/grant from loanees whose units were not in existence and administrative action against persons responsible for distributing funds. The Field Officer, Una was asked in November 1992 to send a report within 15 days. No report had been received from him nor had the Board taken any further action as of April 1994.

6.4.4 Irregular disbursement of loan and grant under Instrument Programme

During 1986-87 and 1989-90, the Board released Rs. 8.29 lakhs as loan and Rs. 1.55 lakhs as grant to 259 loanees under the 'Instruments Scheme' sponsored by the Commission. The scheme envisaged supply of instruments like pottery wheel, oil ghanies, etc. and no cash payments were to be released to the beneficiaries. The Board, however, released the entire amount to the loanees in cash in contravention of the instructions of the Commission. Consequently, no recoupment could be claimed from the Commission. Further, the Board had recovered Rs. 0.93 lakh (loan: Rs. 0.73 lakh; Grant: Rs. 0.20 lakh) only against the amount of Rs. 9.84 lakhs due for repayment as of 31 March 1993. The Board did not ensure proper utilisation of loans and grants released to the beneficiaries.

6.4.5 Investment in National Saving Certificates

The Board purchased certificates valuing Rs. 12 lakhs in March 1984 under VIth issue of National Saving Certificates from the post office, Shimla in the name of Chairman Contributory Provident Fund without ascertaining as to whether the trusts were eligible to purchase such certificates. The postal authorities intimated in September 1984 that the Board was not eligible to make the purchase of this issue and requested the Board to encash the certificates immediately. The Board, in turn, requested (October 1984) the postal authorities to convert the investment into the VIIth issue. The request was acceded to by the postal authorities with specific mention that the date of purchase of the VIIth issue could be taken from the date the original investment was made in the VIth issue. The Board, however, did not agree to this change though the request to this effect was made by the Board itself on the plea that the Board was paying 11 *per cent* interest on Contributory Provident Fund contributions whereas the VIIth issue would earn only 6.5 *per cent* interest and would result into a loss between Rs. 5 to 7 lakhs. In fact, 6.5 *per cent* was the rate of simple interest on deposits prevailing at that time and the VIIth issue carried more than 11 *per cent* interest. Thus, the Board instead of accepting the change, pursued the matter with the postal authorities from 1987 to 1990 for obtaining regularisation of the investment in the VIth issue. The request of the Board was acceded to in April 1991. This resulted in delay of 16 months in the encashment (August 1991) of the maturity value due in March 1990. Consequently, the net loss on maturity value of the funds (Rs. 24.18 lakhs) worked out to Rs. 3.77 lakhs.

6.4.6 Time-barred rebate claims

Khadi and Village Industries Commission allows rebate to the Board on sale of specified goods for a period of 90 days every year. The rebate claims are required to

be submitted to the Commission within six months of the close of the financial year along with a certificate of the Certification Committee, Lucknow. The Board applied for the certificate in December 1983. The required certificate was, however, not issued as replies to the audit conducted by the Commission in 1976 had not been sent. The final replies to the audit observations were sent in August 1987 and the certificate was finally issued in February 1988. Due to non-submission of replies to audit observations, claims totalling Rs. 24.79 lakhs relating to the period from 1982-83 to 1987-88 became time-barred and had not been accepted by the Commission as of April 1994. Similarly, prior permission to hold exhibitions was not obtained and hence rebate claims of Board worth Rs. 0.20 lakh for the period from 1980-81 to 1983-84 were not cleared as of April 1994.

6.4.7 Manufacture of Tat-Patti

The Controller of Stores, Himachal Pradesh approved in November 1990 rate contract in favour of the Board for the supply of *Tat-Patti* at the rate of Rs. 70 per piece. The rate quoted by the Board was Rs. 53.45 less than the actual cost price of Rs. 123.45 per *Tat-Patti*. The loss on supply of *Tat-Patti* at lower rate was proposed to be set off through 30 per cent rebate on this item from the Commission and subsidy from the State Government to which they never agreed. The Board incurred a loss of Rs. 7.70 lakhs on the supply of 14,398 *Tat-Patties*. Claim of Rs. 5.33 lakhs lodged with the Commission during March 1992 had not been accepted as of April 1994.

Since only 14,398 out of the total order of 39,244 *Tat-Patties*, could be supplied to the Department, raw material costing Rs. 4.77 lakhs purchased by the Board was also lying unutilised.

6.4.8 Outstanding recovery of credit sales

Mandi and Nurpur units of the Board made credit sales of *Pashmina* shawls totalling Rs. 7.11 lakhs to Khadi Ashram, Shimla (Rs. 6.36 lakhs) and Himachal Khadi Mandal, Kullu (Rs. 0.75 lakh) between 1985-86 and 1991-92. The amount was lying outstanding against these parties. The units had not made any efforts to recover these amounts as of March 1994.

6.4.9 Outstanding advances

The Board is making huge cash down purchases by advancing funds either to its employees or to firms. It has not evolved a system to exercise control over the advances paid. The Committee on Public Undertakings in its 25th report placed before the State Legislature in August 1986 had noted with grave concern that the advances had remained unadjusted. The Committee recommended in December 1989 for an enquiry by the Departmental Secretary to fix responsibility for the lapse. It was,

however, noticed in audit that no enquiry was instituted to fix responsibility and Rs. 73.97 lakhs were outstanding for adjustment as on 31 March 1993 on account of advances made between 1973 and 1993 to the employees/suppliers. The year-wise break-up of advances had, however, not been worked out by the Board. Details of these outstanding advances totalling Rs. 45 lakhs are given in the Appendix XIII.

Further scrutiny of the advances revealed that the Board had not even maintained records of the purchases made/amount spent against the advance made.

These points were referred to Government in July 1994; reply has not been received (October 1994).



(SHANKAR NARAYAN)
Accountant General (Audit)
Himachal Pradesh

Shimla
The

2 MAR 1995

Countersigned



(C.G. SOMIAH)
Comptroller and Auditor General of India

New Delhi
The

1 MAR 1995

APPENDICES

APPENDIX-I

(Refer paragraph 2.2.1; page 25)

Cases of unnecessary supplementary grants/ appropriations

Serial number	Grant/ Appropriation	Amount of Grant/ Appropriation			Saving
		Original	Supple- mentary	Actual expen- diture	
1	2	3	4	5	6
(Rupees in lakhs)					
Revenue Voted					
1.	5-Land Revenue	4019.00	3.75	3751.53	(-) 271.22
2.	27-Labour and Employment	636.82	7.75	568.80	(-) 75.77
3.	29-Finance	8912.64	70.30	8407.97	(-) 574.97
Capital Voted					
4.	12-Irrigation and Flood Control	1120.20	19.93	984.80	(-) 155.33
5.	17-Roads and Bridges	5808.53	683.00	5456.36	(-) 1035.17
Revenue Charged					
6.	12-Irrigation and Flood Control	--	0.55	--	(-) 0.55
Capital Charged					
7.	12-Irrigation and Flood Control	--	0.62	--	(-) 0.62
8.	25-Roads, Water Transport and Civil Aviation	--	9.15	--	(-) 9.15
9.	28-Water Supply, Sanitation, Housing and Urban Development	--	0.31	--	(-) 0.31

APPENDIX-II

(Refer paragraph 2.2.3; page 27)

Surrender of funds

Details of major variations where savings were 20 *per cent* or more and also more than Rs. 1 crore but were not surrendered fully

Serial number	Grant	Total savings	Amount surrendered	Amount not surrendered	Percentage
(Rupees in crores)					
Revenue-Voted					
1.	11-Agriculture	2.44	0.58	1.86	76
2.	19-Social Security and Welfare	1.03	0.82	0.21	20
Capital-Voted					
3.	12-Irrigation and Flood control	1.55	0.88	0.67	43
4.	17-Roads and Bridges	10.35	5.43	4.92	48
5.	28-Water Supply, Sanitation, Housing and Urban Development	2.37	1.45	0.92	39
Revenue Charged					
6.	29-Finance	16.77	8.04	8.73	52

APPENDIX-III

(Refer paragraph 2.2.6; page 31)

Major variations in recoveries

Details of major variations between budgeted recoveries and actuals adjusted in reduction of expenditure

Serial number	Grant	Budget Estimates	Actual recoveries	Variation	
				Amount	Percentage
(Rupees in crores)					
Excess recoveries against budget estimates					
Revenue					
1.	10-Public Works	40.58	64.65	24.07	59
2.	28-Water Supply, Sanitation, Housing and Urban Development	11.24	18.69	7.45	66
3.	31-Tribal Development	5.37	8.89	3.52	66
Capital					
4.	11-Agriculture	7.17	8.97	1.80	25
Short recoveries against budget estimates					
Capital					
5.	17-Roads and Bridges	8.54	6.25	2.29	27

APPENDIX-IV

(Refer paragraph 2.2.7; page 32)

Cases of injudicious reappropriation**I. Cases of major reappropriation which turned out injudicious on account of nonutilisation**

Serial number	Grant	Major/minor/ sub-head of account, etc.	Amount of reapprop- riation to the sub-head	Amount of final saving under the sub-head after reappropriation
1	2	3	4	5
(Rupees in lakhs)				
1.	2-Governor and Council of Ministers	2013-800-03	2.41	2.41
2.	7-Police and Allied Organisation	2056-101-02	1.24	1.95
3.	11-Agriculture	2401-001-02	1.00	1.45
		2401-108-04	1.70	3.27
		2401-108-08	1.26	1.76
		2401-119-04	40.02	85.02
		2401-800-11	15.00	15.00
4.	12-Irrigation and Flood Control	4702-102-01	4.36	25.24
5.	16-Forest and Wild Life	2406-109-03	1.22	1.22
		2406-109-04	1.03	1.03
		4406-01-102-01	11.69	23.49
6.	17-Roads and Bridges	3054-04-800-04	103.00	103.00
7.	18-Supplies, Industries and Minerals	4885-01-190-04	15.00	20.00
8.	19-Social Security and Welfare	2235-200-16	3.24	3.50
9.	20-Rural Development	2505-01-702-01	13.07	44.45
10.	26-Tourism and Hospitality Organisation	3452-80-001-01	5.66	36.55
11.	28-Water Supply, Sanitation, Housing and Urban Development	4215-01-101-01	5.00	11.16
		4215-02-101-01	3.00	20.60
12.	31-Tribal Development	2029-796-06	29.33	34.36
		2059-01-796-03	7.34	7.63
		2059-80-796-01	1.79	6.71
		2059-80-796-02	14.75	15.61
		2505-01-796-03	8.75	8.75
		5054-80-796-02	7.00	11.25

II. Cases of major reappropriation to other heads which turned out finally excess under the following sub-heads

Serial number	Grant	Major/minor/ sub-head of account, etc.	Amount of reappropriation from the sub-head	Amount of excess after reappropriation
1	2	3	4	5
			(Rupees in lakhs)	
1.	4-General Administration	3451-101-05	47.98	172.64
2.	8-Education, Sports, Arts and Culture	2204-104-01	1.44	15.43
3.	9-Health and Family Welfare	2210-01-110-01	5.17	9.94
		2210-800-04	8.00	8.10
		2210-107-01	1.60	10.41
		4210-01-110-01	47.12	47.35
		4210-110-01	3.00	3.35
4.	11-Agriculture	2401-103-03	1.38	1.57
		2506-102-02	1.05	12.26
		2810-01-103-01	1.50	4.92
5.	12-Irrigation and Flood Control	2702-80-001-01	4.14	9.35
6.	13-Soil and Water Conservation	2402-102-10	2.86	9.81
7.	14-Animal Husbandry and Dairy Development	2403-102-08	1.60	7.50
		2403-104-04	1.00	1.00
8.	16-Forest and Wild Life	2406-101-07	2.00	6.12
9.	17-Roads and Bridges	3054-04-800-05	4.00	91.73
		3054-04-800-06	2.00	5.18
		5054-80-001-01	2.03	143.33
		5054-80-001-05	1.00	17.29
10.	18-Supplies, Industries, and Minerals	2852-800-04	1.25	1.74
11.	19-Social Security and Welfare (including nutrition)	2235-02-102-01	2.00	2.00
12.	20-Rural Development	2515-101-02	1.03	10.16
13.	21-Co-operation	2425-001-02	3.37	5.30
14.	26-Tourism and Hospitality Organisation	3452-80-001-02	3.90	32.30
		3452-800-02	3.67	7.64
		3452-800-03	1.05	25.14
15.	28-Water Supply, Sanitation, Housing and Urban Development	2217-80-191-01	20.39	32.79
16.	31-Tribal Development	2053-796-01	1.92	16.31
		2202-02-796-02	33.81	46.82
		2702-80-796-04	3.01	4.09
		3054-05-796-04	1.43	28.88
		4425-796-01	3.57	4.97
		6402-796-01	1.33	1.36
		6801-796-01	6.00	6.00
		6801-796-03	18.00	18.00
		6801-796-06	30.00	30.00

APPENDIX-V

(Refer paragraph 2.4; page 33)

Drawal of funds in advance of requirements

Serial number	Department/ Office	Amount drawn (Rupees in lakhs)	Month of drawal/ receipt	Purpose	Amount unutilised (Rupees in lakhs)	Position regarding work
Industries						
1.	General Manager, District Industries Centre, Bilaspur	50.24	March 1993 and June 1993	For development of Industrial Area Goalthai	40.24	Work was stated (July 1994) to be in progress.
2.	General Manager, District Industries Centre, Solan	0.96	January 1989	For Construction of path at Judi Kalan and Baddi.	0.96	It was stated (August 1994) by the General Manager, District Industries Centre that the work has not been started due to change in design of path on public demand for which approval of revised estimates have not yet been accorded.
		0.83	April 1991	For construction of road in Judi area, Barotiwala.	0.83	Work stopped (October 1991) due to stay by the court.
Education						
3.	Principal, Government College (Girls), Shimla	5.00	March 1989	For construction of science complex.	5.00	Work not started as of July 1993 for want of sufficient funds. The Principal of the college stated in July 1994 that the work would be started now since the required funds of Rs. 20 lakhs stood drawn by the Public Works Department in March 1994.
4.	Principal, Government College, Kullu	1.00	March 1990	For construction of library building.	1.00	Work not started as of June 1994 for want of matching share from University Grant Commission.
Horticulture						
5.	District Horticulture Officer, Mandi	0.80	March 1993	For establishing nurseries in backward areas.	0.80	District Horticulture Officer, Mandi stated in June 1994 that the amount would be disbursed after growing of nurseries by the beneficiaries.
6.	District Horticulture Officer, Solan	0.98	March 1993	For implementation of Drip Irrigation Scheme (Central Sector)	0.92	Codal formalities not completed (January 1994).
Total		59.81			49.75	

APPENDIX-VI

(Refer paragraph 3.3.7(i); Page 52)

Statement showing in-coordination in demand and supply of fungicides

Name of fungicide	Supplied in excess of demand			Supplied in short than demanded				
	Name of the DHO	Quantity demanded	Quantity supplied	Quantity supplied in excess	Name of the DHO	Quantity demanded	Quantity supplied	Quantity supplied in short
(Quantity in Kilograms)								
<u>1989-90</u>								
DM-45	Kullu	22,500	37,495	14,995	Chamba	2,500	2,400	100
Caftaf	Nahan	-----	30	30	Kullu	8,000	2,207	5,793
<u>1991-92</u>								
DM-45	Nahan	-----	200	200	Shimla	70,000	31,697	38,303
Bavistan	Nahan	-----	4	4	Kullu	52,000	30,979	21,021
					Kullu	2,000	1,599	401
					Chamba	1000	-----	1000
<u>1992-93</u>								
Captan	Shimla	-----	2,500	2,500	Kullu	10,000	1,940	8,060
Carbandoginu	Chamba	150	152	2	Kullu	1,000	-----	1,000
<u>1993-94</u>								
Captan	Shimla	-----	4,400	4,400	Chamba	2,040	-----	2,040

APPENDIX-VII

(Refer paragraph 3.22; page 75)

Details of idle equipment

Serial number	Name of Department/ Office	Particulars of equipment	Date of purchase/ receipt	Cost (Rupees in lakhs)	Since when idle	Remarks
<u>Health and Family Welfare</u>						
1.	Indira Gandhi Medical College, Shimla	(i) Two Centry-2 Dialysis machines	December 1991	4.79	December 1991	These machines imported from USA were installed in March 1992. The machines could not be utilised as the post of Nephrologist for their operation could not be filled up due to non-availability of suitable candidate.
		(ii) Emerson Ventilator with accessories	December 1982	0.79	April 1991	The equipment imported from USA went out of order in April 1991. The matter regarding its repair remained under correspondence with the suppliers and the manufacturers of the equipment till July 1993 when the suppliers agreed to repair it after inspection of the apparatus. Sanction of the State Government sought by the Principal, Indira Gandhi Medical College in October 1993 for repairing the apparatus was awaited as of January 1994.
		(iii) Evoked Response Audiometer	April 1989	9.79	April 1990	The equipment imported from USA was installed in April 1989. The equipment could not be put to use after April 1990 when the post of Audiometry technician fell vacant. The post could not be filled up for want of suitable candidate.
2.	Chief Medical Officers, Chamba, Mandi, Shimla Sirmaur and Solan	(i) Horrocks apparatus	January 1992	1.23	January 1992	Of the 632 horrocks apparatus and 90 water testing kits purchased by the CMOs under United Nations Project for Family Welfare activities, only 325 horrocks apparatus and 43 water testing kits had been issued to the Irrigation and Public Health Sub-Divisions as of June 1994 for their use.
		(ii) Water testing kits	-do-	2.41	-do-	The balance 307 horrocks apparatus and 47 water testing kits were lying unused with the CMOs.
<u>Home</u>						
3.	Police Training School, Junga	Photocopier machine	July 1986	1.22	March 1987	Machine was lying idle for want of repairs. Sanction to repair the machine at the cost of Rs. 0.29 lakh sought by the Principal, Police Training School, Junga from the Inspector General of Police, Armed Police and Training in September 1990 had not been accorded as of March 1994 due to non-availability of funds.
Total				20.23		

APPENDIX-VIII

(Refer paragraph 4.18.4; page 103)

Statement showing variations in balances between originating and responding divisions

Originating Division	Responding Division	Variation (Less taken by responding Division)		
Name	Amount	Name	Amount	
		(Rupees in lakhs)		
Mechanical	25.52	Dharmshala	15.75	9.73
Dharamsala	10.53	Mandi-I	0.07	10.46
Dharamsala	1.39	Hamirpur	Nil	1.39
Kullu-II	5.63	Kullu-I	1.59	4.04
Mechanical	32.28	Kullu-I	13.26	19.02
Kullu	33.27	Kullu-II	16.42	16.85
	10.35	N.H. Pandoh	6.34	4.01
	7.14	Mandi-I	4.72	2.42
	14.47	Sarkaghat	9.88	4.59
	5.97	Mandi-II	3.34	2.63
Mandi-I	11.88	Mandi-II	4.46	7.42
Mandi-II	8.00	Mandi-I	6.16	1.84
Shimla-I	2.30	Shimla-III	1.77	0.53
Shimla-II	2.65	Shimla-I	0.38	2.27
	2.15	Shimla-III	0.95	1.20
Shimla-III	2.64	Shimla-I	0.01	2.63
Mechanical	1.52	Rampur	0.28	1.24
Shimla	4.65	Shimla-III	0.81	3.84
(Dhali)	95.48	Theog	27.05	68.43
	19.53	Shimla-II	NIL	19.53
	1.06	Hamirpur	0.52	0.54
	1.88	Dharamsala	0.49	1.39
	37.15	Shimla-I	2.10	35.05
	10.19	Karcham	2.20	7.99
	4.08	Kaza	0.01	4.07
	1.58	Mechanical		
		Kullu	0.39	1.19
Theog	1.87	Mechanical		
		Dhali	Nil	1.87
Total	355.16		118.99	236.17

APPENDIX-IX

(Refer paragraph 4.19(i); page 105)

Statement showing road works held up due to involvement of forest land

Serial number	Name of the Division	Name of the road work	Particulars of A/A & E/S		Particulars of technical sanction	Period stipulated for completion	Date of commencement	Date since construction held up	To date expenditure (Rupees in lakhs)	Remarks
			Month & Year	Amount (Rupees in lakhs)						
1.	Kullu-II	Kullu to Samalang motorable road (km 0/0 to 10/0)	September 1981	NA	Not obtained	3 years	1981-82	1983-84	0.69	Case referred to Forest Department in April 1991.
2.	Kullu-I	Larji Thatbir road (11 km)	October 1981	21.63	Not obtained	5 years	1983-84	December 1992	2.35	Matter not taken up with the Forest Department.
		Jia Bharain (Mule and pedestrian)	January 1984	0.49	Not obtained	Not stipulated	1978-79	-do-	1.57	
		Chilla Age Chong road	December 1979	4.90	Not obtained	1 year	1979-80	-do-	1.45	
3.	Una	Deori saned road	July 1981	4.80	Not obtained	3 years	1981	-do-	8.20	Case referred to Forest Department in September 1993.
		Bangarh Olinda road (10.500 km)	September 1983	4.84	Not obtained	2 years	September 1987	October 1989	1.95	No action taken to refer the case to Forest Department for obtaining sanction of the Government of India
4.	Outer Seraj Division, Nirmand	5/7 wide motorable road from junction of Nirmand Arsu Bagipul Sarahan road to junction of Luri Dalash Khanag road (km 16/0 to 25/0) (from Bagipul side)	August 1988	22.52	Not obtained	3 years	September 1988	March 1992	6.15	The case for obtaining sanction of the Government of India for removal of forest trees was stated to be under correspondence (October 1993).
		5/7 meter wide motorable road from junction of Nirmand Arsu Bagipul Sarahan road to junction of Luri Dalash Khanag road (km 24/0 to 32/0) (from Luri side)	August 1988	20.02	Not obtained	3 years	October 1988	February 1992	2.76	
5.	Fatehpur	Bhogarwan Patti-Dini-Bhatoli-Chaural road (19 km long)	August 1984 (Revised sanction)	26.49 (19 km)	Not obtained	3 years	July 1979	March 1985	5.92	Action taken to obtain the Government of India sanction for clearance of forest trees was not on divisional records.
6.	Solani	5/7 metres wide motorable road from Chail Banjani to Bina	March 1986	13.34	Not obtained	3 year	March 1986	December 1989	3.93	Sanction of the Government of India for removal of trees falling in alignment awaited.
		5/7 metres wide motorable road from Blossom to Tikkar via Nagali (km 2/0 to 7/0)	February 1986	13.04	Not obtained	3 years	March 1986	May 1990	2.79	
		Chail to Tikkar road (km 0/0 to km 2/500)	December 1990	7.80	Not obtained	2 years	January 1991	November 1991	1.91	Case for obtaining the sanction of the Government of India not yet moved by the Division (November 1993).

Serial number	Name of the Division	Name of the road work	Particulars of A/A & E/S		Particulars of technical sanction	Period stipulated for completion	Date of commencement	Date since construction held up	To date expenditure (Rupees in lakhs)	Remarks
			Month & Year	Amount (Rupees in lakhs)						
7.	Dharamsala	Link road from Jalot on Nihargaloo road (Jalot to Chowki) (km 0/0 to 3/0)	August 1980	5.89	Not available	3 years	December 1980	March 1983	1.09	Case for obtaining the sanction of the Government of India under process (January 1994).
8.	Dehra	Durgain Sauda Bari road	April 1975	11.22	Not available	1 year	April 1975	NA	2.81	
		Galu Bilaspur	March 1986	27.94	Not available	4 years	September 1986	NA	13.90	
		Masrover Pirbindli road								
		Kriahu Shanla road	January 1974	9.81						
			March 1982	14.24	Not available	5 years	April 1974	NA	14.59	
			January 1982	13.91						
		Bankhandi Barsa mewa road	September 1986	18.89	Not available	3 years	October 1986	NA	5.97	
		Bankhandi Paisa road	March 1982	6.43	Not available	4 years	April 1983	NA	3.62	
		Bhindla Shantla road via Panani Sidh	February 1987	12.09	Not available	3 years	Not available	NA	0.94	Case for obtaining the sanction of the Government of India not moved.
		Extension from Kasha Kotla	August 1981	4.73	Not available	2 years	January 1982	NA	4.59	
		Ghatti Bilwan road								
		Khrodian Nahlian	January 1985	10.33	Not available	1 year	April 1985	NA	12.67	
		Seorahala road	December 1974	24.06	Not available	3 years	April 1985	NA	7.40	
		Kasla Koi Ranoh								
		Bari road	September 1986	22.03	Not available	6 years	November 1986	NA	1.45	
		Nahlian Manjhar	April 1987	12.10	Not available	6 years	NA	NA	0.01	
		Pian Da Chatta road								
		Mandi Rewalsar								
		Chandesh	September 1985	45.19	Not available	3 years	February 1984	NA	4.63	
		Mahota masroom Sarkaghat								
		Alampur road								
		Shruni Habrol road	March 1974	17.17	Not available	9 years	March 1974	1991-92	5.09	
		Tibrawn Shruni road	August 1988	6.82	Not available	2 years	February 1989	NA	2.65	
		Galu Spail Nandpur road	January 1981	4.75	Not available	6 years	November 1981	NA	1.80	
9.	Chopal	Kupvi Dhabas road	March 1975	0.96	May 1975	3 years	April 1986	May 1991	1.41	
		one metre trace cutting from km 0/0 to 55/0			(one metre track)		(trace cutting)			Matter taken up with Forest Department in April 1991
		5/7 metre formation and soling from km 0/0 to 5/0)	March 1986	12.47	Not obtained	3 years	1988-89	May 1991	3.26	
				420.90					127.55	

APPENDIX-X

(Refer paragraph 4.19(ii); page 105)

Statement showing particulars of incomplete works

Serial number	Name of the Division	Name of the road work	Particulars of A/A & E/S		Particulars of technical sanction	Period stipulated for completion	Date of commencement	Date since construction held up	To date expenditure	Reasons for suspension of construction	Remarks
			Month & Year	Amount							
1	Kullu-II	Improvement of Naggar Jana road	March 1984	8.55	Not obtained	3 years	1983-84	September 1991	10.97	Non-availability of funds	-----
2	Outer seraj Division Nirmand	Jhakri Jhullat to Sarapara via Sanej road (12 kms)	July 1987	18.66	Not obtained	3 years	August 1988	April 1989	1.25	Due to non-completing of WBJ Pass road and non-construction of bridge over Satluj	Construction of bridge yet to be taken up
3	Hamirpur	5/7 metres wide road from Bhagera to Jandaru via Thar Tikar (10 km)	May 1987	26.33	Not obtained	5 years	March 1988	March 1990	3.24	Non-availability of funds	Funds allotted in 1991-92 (Rs. 0.30 lakh) were not utilised for the work.
4	Rohru	Bhotia to Tal Road via Sidhpur (5 kms)	March 1986	12.58	Not obtained	3 years	March 1987	March 1991	2.06	Private land falls in alignment of road which is yet to be acquired	Even notification under section 4 of the Land Acquisition was yet to be issued and the land owner has filed a suit in the Court.
		Kharapathar Tikkar road to Shrountha	Not obtained	--	Not obtained	2 years	1984-85	June 1992	2.14	Non-allotment of funds	-----
5	Theog	Widening from existing width to 5/7 metres wide Jashlaghat Tikkar road (9 kms)	August 1978	4.59	Not obtained	3 years	November 1983	December 1987	1.89	Non-acquisition of private lands falling in road alignment	Case for acquisition of land taken up with Land Acquisition Officer in January 1985 but not pursued thereafter.
		Mattiana Mohri road via Kalzar (17 kms)	December 1984	9.88	Not obtained	3 years	December 1984 (Kumarsain transferred to Theog Division in April 1986)	October 1989	4.34	Non-acquisition of private shop falling in the alignment of the road	During 4 kms of road portion between km 0/0 to 5/0 and 14/800 to 16/800 executed so far.
6	Jubbal	Link road from Gumma to Bakhol (8 kms)	July 1987	13.27	Not obtained	3 years	December 1989	March 1990	1.86	Non-acquisition of private land falling in the road alignment and paucity of funds	Action to acquire land not taken yet (October 1993).
7	Killar	Jeepable road from Saichu to Udeen km 0/0 to 7/0	May 1988	8.41	Not obtained	3 years	October 1988	March 1992 (upto 8/93)	2.67	Non-acquisition of private land falling in the alignment of road.	-----
8	Bajjnath	Panchrukhi Ghar Majhini road (5km) (0/0 to 5/0)	March 1988	10.09	April 1987	3 years	November 1983	March 1992 (upto 11/93)	5.08	-do-	As per EE's reply dated January 1994, the land acquisition papers were in process of preparation.
9	Jassur	5/7 metre wide road from Bhandwar to Rinna and Bhanodu (km 0/0 to 5/0)	December 1981	4.72	Not obtained	3 years	March 1982	July 1992	2.36	Due to construction of a bridge at RD 3.405 km for non-availability of funds	-----
10	Sarkaghat	Sarkaghat Chamyanu road	January 1990	0.99	Not obtained	NA	July 1987	January 1990	3.23	Non-acquisition of private land/house falling in the alignment of road at RD 0.395 to 0/483	-----
		via Lakwanoo RD 0/0 to 6/0 km	January 1990	5.81	Not obtained	--	--	--	--	--	-----
		Steel Truss bridge over Alyana khad Shivalwala	May 1983	5.76	Not obtained	2 years	1986-87	June 1989	1.77	Paucity of funds	-----
Total				129.64					42.86		

APPENDIX-XI

(Refer paragraph 4.19(iii); page 105)

Statement of incomplete building works

Serial number	Name of the Division	Name of the work	Reference to A/A & E/S		Reference to technical sanction	Stipulated period for completion	Date of commencement	Date since when held up	To date expenditure	Reasons due to which held up	Remarks
			Date	Amount							
			(Amount in lakhs)						(Amount in lakhs)		
1.	Shimla-I	Construction of veterinary Dispensary at Piran	October 1987	1.04	----	1 year	February 1988	April 1990	1.42	Water supply and sanitary installation remained to be provided for want of funds	Building portion completed in April 1990 but the same not handed over to Animal Husbandary Department due to non-providing of water supply and sanitary installations.
		Rest House at Junga	February 1988	9.90	-----	1 year	July 1988	March 1992	4.29	Paucity of funds	-----
2.	Bajjnath	Civil Dispensary building at Tinbar	September 1987	4.01	Not obtained	2 years	November 1988	March 1990	1.15	-do-	Construction of work suspended and funds for 1991-92 (Rs. 0.35 lakh) diverted to construction of Civil Dispensary at Rakkar to expedite its construction.
3.	Chenab valley Division, Udaipur	Sports stadium at Udaipur	March 1983	3.35	Not obtained yet (August 1993)	Working seasons as per the revised estimate (March 1987) for Rs. 12.26 lakhs	March 1986	March 1992	11.05	-do-	-----
4.	Kullu-I	Sub-Centre building at Kandi Khandol	December 1986	1.70	June 1987 (Rs. 1.52 lakhs)	Not known	January 1988	1989-90	0.34	Work abandoned by contractor	The contract was rescinded by EE Karsog Division in July 1992, but no action taken thereafter to get the work completed by Karsog Division as also by Kullu-I Division to whom work transferred in 1993-94.
5.	Barsar	Veterinary Hospital, Dhaner	July 1987	1.15	Not obtained	1 year	February 1990	October 1990	0.34	Paucity of funds	Work left after construction upto plinth level.
6.	Dharamsala	Writers' House at Dharamsala	August 1987	8.95	NA	3 years	June 1987	March 1990	0.72	-do-	Only site development work executed.
				-----					-----		
			Total	30.10					19.31		

APPENDIX-XII

(Refer paragraph 6.2.2.13; Page 149)

Statement showing the details of idle equipment

Serial number	Name of Department	Particulars of equipment	Date of purchase/receipt	Cost (Rupees in lakhs)	Since when idle	Remarks
1.	Silviculture Agro Forestry	Neutron Soil Moisture Probe	January 1992	3.83	January 1992	After receipt of equipment in January, 1992 it was noticed that aluminium access tube (cost: Rs. 0.04 lakh) required for putting the machine in use had not been purchased. The tubes were procured in December 1993. However, the Engineer of the firm had not reported for installation of the machine as of January 1994.
2.	Soil Sciences	-do-	August 1986	2.15	July 1992	The machine went out of order in July 1992. The Scientist reported the matter in January 1993 to the Head of Department to get it repaired. The machine had, however, not been repaired as of February 1994.
3.	Tree Improvement	Ultra Centrifuge	April 1989	11.10	June 1991	The machine was transferred without stabiliser to the Computer and Instrumentation Centre of the Department of Basic sciences in June 1991. The stabiliser was purchased for Rs. 0.15 lakh in March 1992. The machine had not been put to use since its transfer due to non-receipt of requisition from any of the Department of the University.
4.	Basic Sciences	Water purification system	November 1992	2.43	April 1993	The equipment was lying idle for want of imported water packs. The Department stated (February 1994) that supply order is being placed.
5.	Basic Sciences	High Performance Liquid Chromatograph	March 1990	16.58	April 1993	The equipment was lying idle as highly pure water was not available due to shut down of the water purification system.
6.	Basic Sciences	Gas Chromatograph	April 1991	6.00	April 1991	The equipment was received in April 1991 from the Department of Fruit Culture and Orchard Management and had not been operated upon since then. The Department stated (February 1994) that the equipment could not be put to use as start up kits cylinders, etc., were not transferred along with the equipment.
7.	Tree Improvement	Generator set	December 1989	0.50	December 1989	The equipment could not be installed due to non-construction of generator room as of February 1994.

APPENDIX-XIII

(Refer paragraph 6.4.9; Page 163)

Outstanding Advances

Serial number	Amount of advance outstanding as of April 1993 (Rupees in lakhs)	Year of advance	To whom advanced
1.	16.10	1973-74 to 1987-88	The Technical Manager, Mandi for purchases. Rupees 0.41 lakh only could be adjusted till March 1994.
2.	12.43	1985-86 to 1990-91	Khadi and Village Industries Commission for purchase of wool.
3.	9.20	1973-74 to 1991-92	Officers of the Board for purchases. Rupees 1.11 lakhs only could be adjusted in 1992-93.
4.	2.64	1973-74 to 1988-89	Officers/officials of the Board who left their services or were terminated/retired/repatriated, for purchases. Rupees 0.13 lakh could be adjusted during 1992-93.
5.	1.42	1977-78	Lal Woolen Mills, Panipat. Only Rs. 0.91 lakh could be adjusted in 1991-92. Balance amount was yet to be recovered as of April 1994.
6.	1.22	1979-80 to 1982-83	An officer on deputation from the State Government, who retired in January 1989, for purchases, etc.
7.	1.00	1974-75	Himachal Pradesh State Industrial Development Corporation for purchase of wool.
8.	0.66	1987-88	A driver from whom Rs. 0.23 lakh only could be adjusted till March 1993.
9.	0.23	1976 to 1979	Two officers, who expired in 1976 and 1980.
	0.10	1978-79	Deputy Director of Industries for putting up a stall in exhibitions.

APPENDIX-XIV**Glossary of abbreviations**

<u>Abbreviation</u>	<u>Expanded form</u>
A&E	Accounts and Entitlement
BUSG	Built up spray grout
BDO	Block Development Officer
BHC	Benzine Hexa Chloride
CCA	Culturable command area
CGI sheets	Corrugated galvanised iron sheets
CGWB	Central Ground Water Board
CMO	Chief Medical Officer
CSSA	Cash Settlement Suspense Account
DC	Deputy Commissioner
DDA	Deputy Director of Agriculture
DHO	District Horticulture Officer
DRDA	District Rural Development Agency
EPBAX	Electronic Private Branch Automatic Exchange
FCOM	Fruit culture and orchard management
FFDA	Fish Farmers Development Agency
GI pipes	Galvanised iron pipes
HDP pipes	High density polythene pipes
HP	Horse power
HPSEB	Himachal Pradesh State Electricity Board
HT	High tension
I&PH	Irrigation and Public Health
ICAR	Indian Council of Agricultural Research
IDRC	International Development and Research Centre
IRDP	Integrated Rural Development Programme
JRY	Jawahar Rozgar
kg	kilogram
kms	kilometres
KVA	Kilowatts
KVIC	Khadi and Village Industries Commission
LAC	Land Acquisition Collector
LAO	Land Acquisition Officer
LDP pipes	Low density polythene pipes
LOC	Letter of credit
LPs	Litre per second
mm	Milimetre
NH	National Highway
NREP	National Rural Employment Programme
PWD	Public Works Department
RCC pipes	Reinforced cement concrete pipes
RD	Reduced distance
RFRS	Regional Fruit Research Station
RHRS	Regional Horticulture Research Station
RLEGP	Rural Landless Employment Guarantee Programme
SC	Scheduled Castes
ST	Scheduled Tribes
SDA	Shimla Development Authority
USAID	United States Agency for International Development
UHF	University of Horticulture and Forestry
US \$	United States Dollars

ERRATA

Report of the comptroller and auditor general of india for the year 31 march 1994 No.3 (Civil) government of
himachal pradesh

Reference Para to page	Para number	Line number	For	Read
x	4	1st line	apple scab'	'apple scab'
xi		7th line	Fungicides	fungicides
xvi	22	4th line	Rs. 9.89 lakhs	Rs. 9.86 lakhs
6	1.4.2	4th line	storage Ware housing	Storage Warehousing
		Table	Administration Services	Administrative services
7	1.5.2	Last column of table	Shar of Unio Taxes on Duti 176.3, 154.0, 187.9, 239.8 276., 289.	Share of Union Taxes on Duties 176.38, 154.05, 187.95, 239.82 276.24, 289.52
10	1.7	11th line	years	year
17		15th line	2 Central Government company	a Central Government Company
28	2.2.3	1st line from above	Furt	Further
34	3.1.2	6th line	additional	Additional
36	3.1.5	2nd line	schedule tribes	scheduled tribes
52	3.3.8	Delete last line above foot note		
61	3.8	heading	defecting	defective
110	5.1.5	1st line of para	thereagainst	thereagainst
117	5.1.11	2nd line of sub-para (ii)	subject	subject to
126	5.6	9th line	when	where
157	6.4.2	2nd line of para	avallabl	available
159	6.4.2	3rd line from the bottom of sub-para (b)	as	was
160	6.4.3	5th line from bottom	necessar	necessary

Hon
The
Deputy
Commissioner
New York

1 Village
Station
New York