



REPORT

OF THE

**Comptroller and Auditor General of India
for the year 1985-86**

(CIVIL)

Government of Himachal Pradesh

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1985-86 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 1985-86.

2. The results of audit of revenue receipts are presented in a separate volume.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1985-86 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 1985-86 have also been included, wherever considered necessary.

CHAPTER—I

GENERAL

1.1. Summary of transactions

The summarised position of the accounts of the Government of Himachal Pradesh emerging from the Finance Accounts for the year 1985-86 is indicated in the statements following.

1. Statement of financial position of the Government of Himachal Pradesh as on 31st March 1986

(Rupees in crores)

Amount as on 31-3-1985	Liabilities	Amount as on 31-3-1986	Amount as on 31-3-1985	Assets	Amount as on 31-3-1986
1	2	3	4	5	6
39.49	Internal Debt including Ways and Means Advances (Market loans, Loans from Life Insurance Corporation of India and Others)	44.46	600.51	Gross Capital Outlay on fixed assets	688.63
				Investment in shares of companies, corporations, etc.	87.84
				Other capital outlay	600.79
250.54	Loans and Advances from Central Government	311.65	204.72	Loans and Advances	260.02
	Pre-1984-85 loans	198.64		Loans for Power Projects	219.41
	Non-Plan loans	52.45		Other Development Loans	30.81
	Loans for State Plan Schemes	35.87			
	Loans for Central Plan Schemes	0.10		Loans to Government Servants and Miscellaneous Loans	9.80
	Loans for Centrally Sponsored Schemes	21.62			
	Ways and Means Advances	2.97			

1	2	3	4	5	6
105.17	Small Savings	121.05	0.04	Other Advances	0.04
16.34	Deposits	21.76			
40.94	Overdrafts from Reserve Bank of India	8.54	12.46	Suspense and Miscellaneous Balances	6.70
4.37	Reserve Funds	1.75			
0.50	Contingency Funds	0.50	6.02	Cash	26.16
14.81	Remittance Balances	9.68		Cash in Treasuries and Local Remittances	0.28
351.59	Surplus on Government account	462.16		Departmental cash Balances including Permanent Advances	0.05
	Last year's balance	355.65		Cash Balance Investment	25.83
	Current year's surplus	107.82			
		463.47			
	Less adjustments	1.31*			
		462.16			
823.75		981.55	823.75		981.55

Note : * As per statement No. 14 of Finance Accounts 1985-86, the revenue surplus on Government Account is Rs. 463.47 crores. The difference of Rs. (—) 1.31 crores is explained below :—

(i) Progressive amount adjusted under head "768—Inter-State Settlement"	(—)1.43
(ii) Progressive amount adjusted under head "880—Miscellaneous Government Account"	(+)0.18
(iii) Net amount adjusted <i>proforma</i>	(—)0.06
Net total	(—)1.31

Abstract of Receipts and Disbursements for the year 1985-86

(Rupees in crores)

Receipts

Disbursements

SECTION—A—REVENUE

I Revenue Receipts		519·21 I Revenue Expenditure		411·39	
		Sector	Non-Plan	Plan	Total
(i) Tax-Revenue	83·92	(i) General Services	106·23	3·35	109·58
(ii) Non-tax Revenue	65·48	(ii) Social and Community Services	130·11	31·87	161·98
(iii) State's share of Union Taxes	91·04	(iii) General Economic Services	3·34	6·00	9·34
(iv) Non-Plan Grants	57·51	(iv) Agricultural and Allied Services	38·26	56·82	95·08
(v) Grants for State Plan Schemes	179·04	(v) Industry and Minerals	1·55	12·22	13·77
(vi) Grants for Central and Centrally Sponsored Schemes	42·22	(vi) Water and Power Development	0·23	1·68	1·91
		(vii) Transport and Communications	13·50	4·24	17·74
		(viii) Grants-in-aid and Contributions	1·99	..	1·99
			295·21	116·18	411·39
		II Revenue Surplus carried over to Section—B			107·82
		519·21			519·21

221·26

SECTION—B—OTHERS

(Rupees in crores)

III Opening cash balance including Permanent Advance and Cash Balance Investment	6·02	III Opening overdraft from Reserve Bank of India	40·94
IV Miscellaneous Capital Receipts		IV Capital Outlay	88·12
		(i) General Services	3·71
		(ii) Social and Community Services	25·89
		(iii) General Economic Services	2·62
		(iv) Agricultural and Allied Services	13·94

			(v) Industry and Minerals	1.48	
			(vi) Water and Power Development	1.93	
			(vii) Transport and Communications	38.55	
V Recoveries of Loans and Advances	4.51		V Loans and Advances Disbursed	59.81	
(i) From Government Servants	1.70		(i) For Power Projects	50.54	
(ii) From Others	2.81		(ii) To Government Servants	2.85	
			(iii) To Others	6.42	
VI Revenue Surplus brought down	107.82				
VII Public Debt Receipts	123.98		VII. Repayment of Public Debts	57.90	
(i) Internal Debt other than Ways and Means Advances	10.70		(i) Internal Debt other than Ways and Means Advances	5.73	
(ii) Ways and Means Advances	27.06		(ii) Ways and Means Advances	27.06	
(iii) Loans and Advances from the Central Government	86.22		(iii) Repayment of Loans and Advances to the Central Government	25.11	
VIII Public Account Receipts	392.60		VIII Public Account Disbursements	370.54	
(i) Small Savings and Provident Funds	30.13		(i) Small Savings and Provident Funds	14.25	
(ii) Reserve Funds	0.13		(ii) Reserve Funds	2.75	
(iii) Suspense and Miscellaneous	48.38		(iii) Suspense and Miscellaneous	39.86	
(iv) Remittances	262.22		(iv) Remittances	267.34	
(v) Deposits and Advances	51.74		(v) Deposits and Advances	46.34	
IX Closing Overdrafts from Reserve Bank of India	8.54		IX Cash Balance at the end	26.16	
			(i) Cash in Treasuries and Local Remittances	0.28	
			(ii) Departmental Cash Balances including Permanent Advances	0.05	
			(iii) Cash Balances Investment	25.83	
	1162.68			1162.68	

STATEMENT—II

Sources and Application of Funds for 1985-86

(Rupees in crores)

I Sources :

1. Revenue Receipts	519.21
2. Increase in Public Debt, Small Savings, Deposits and Ways and Means Advances	87.37
3. Increase in Overdrafts from Reserve Bank of India	(—)32.40
	<hr/> 574.18 <hr/>

Adjustments

Less increase in Suspense Balance	8.52	
Less reduction in Reserve Funds	(—)2.63	
Add effect on Remittance Balances	(—)5.12	0.77
		<hr/> 574.95 <hr/>

II Application :

Revenue Expenditure	411.39	
Capital Expenditure	88.12	
Lending for development and other programmes	55.30	
Increase in closing balance	20.14	574.95

1.2. Notes and comments

1.2.1. Government accounts being on cash basis, the surplus on Government account, as shown in Statement-I, indicates the position on cash basis as opposed to accrual basis of commercial accounting.

1.2.2. The abridged accounts in the foregoing statements have to be read with the comments and explanations in the Finance Accounts.

1.2.3. There was an unreconciled difference of Rs. —253.35 lakhs between the figures (Rs. —853.78 lakhs) as shown in the accounts and that (Rs. —600.43 lakhs) intimated by the Reserve Bank of India under "Deposits with Reserve Bank". The difference of Rs. 4.89 lakhs had been reconciled and the remaining difference (Rs. —248.46 lakhs) was awaiting reconciliation (March 1987).

1.2.4. During the year, the balance of the State Government with the Reserve Bank of India fell short of the agreed minimum (Rs. 20 lakhs) on 42 days. The deficiency was made good by taking ways and means advances (Rs. 27.06 crores) on 20 occasions and overdrafts (Rs. 17.23 crores) on 19 occasions. The ways

and means advances and the overdrafts obtained were cleared during the year. Interest paid on the advances and overdrafts was Rs. 8.59 lakhs. No overdraft was, however, taken on the remaining 3 days.

1.2.5. The net additional public debt (as adjusted by the effect on remittance and suspense balances and drawal from Reserve Funds) raised during the year was Rs. 88.14 crores against the net additional loans and advances of Rs. 55.30 crores disbursed for development and other programmes. The balance of Rs. 32.84 crores together with revenue surplus of Rs. 107.82 crores exceeded the total capital expenditure of Rs. 88.12 crores by Rs. 52.54 crores. This resulted in increase of Rs. 20.14 crores in the closing cash balance.

1.2.6. The revenue raised by the State Government (Rs. 149.39 crores) accounted for 29 per cent of the total revenue receipts (Rs. 519.21 crores) during the year.

1.2.7. The increase in non-tax revenues by Rs. 21.91 crores compared to those in previous year was mainly on account of increase in receipt under Miscellaneous General Services (Rs. 5.13 crores) and Economic Services (Rs. 16.14 crores) during the year.

1.2.8. The year closed with a revenue surplus of Rs. 107.82 crores as against revenue surplus of Rs. 57.83 crores anticipated in the budget.

1.2.9. The arrears of revenue at the end of the year, as reported by 17 departments, were Rs. 26.98 crores against Rs. 34.78 crores in the previous year.

1.2.10. The total amount overdue for recovery against loans advanced as on 31st March 1986, the detailed accounts of which were maintained in the Accounts Office, was Rs. 6.88 lakhs including Rs. 3.67 lakhs on account of interest. The arrears in regard to recovery of loans, the detailed accounts of which are maintained by departmental officers, as reported, were Rs. 249.27 lakhs on account of principal and Rs. 196.90 lakhs as interest, the main defaulters being Industries, Co-operative and Agriculture departments.

1.2.11. Interest paid on debt and other obligations was Rs. 30.51 crores. Interest received was Rs. 3.89 crores including that from departmental commercial undertakings and others. The net interest burden was thus Rs. 26.62 crores*.

*After taking into account dividend of Rs. 0.03 crore the net burden of interest during 1985-86 on revenue was Rs. 26.59 crores.

1.2.12. The assistance received from Central Government as grant for State, Central and Centrally-Sponsored Plan schemes was Rs. 221.26 crores. The expenditure on such Plan schemes was Rs. 203.54 crores including State's share.

1.2.13. Against the Plan provision of Rs. 126.32 crores under Revenue and Rs. 81.31 crores under Capital, the actual expenditure on Plan schemes was Rs. 116.18 crores under Revenue and Rs. 87.36 crores under Capital resulting in a shortfall of Rs. 10.14 crores under Revenue and excess of Rs. 6.05 crores under Capital. The Non-Plan revenue expenditure also fell short of the budget estimates (Rs. 340.57 crores) by Rs. 45.36 crores (13.32 per cent). Income from tax and non-tax revenue (Rs. 149.39 crores) was not adequate even to finance the total Non-Plan revenue expenditure (Rs. 295.21 crores).

1.2.14. Non-Plan revenue expenditure rose from Rs. 242.21 crores in 1984-85 to Rs. 295.21 crores in 1985-86. The increase of Rs. 53 crores was mainly under General Services (Rs. 11.46 crores) and Social and Community Services (Rs. 41.01 crores).

1.2.15. With fresh investments of Rs. 15.14 crores during the current year in the various Corporations/Companies/Co-operative Institutions, the total investment of the Government in shares and debentures on 31st March 1986 was Rs. 87.84 crores. Interest and dividends on such investments during the year was Rs. 0.02 crore.

1.2.16. The contingent liability for guarantees given by the State Government for repayment of loans, etc., by Statutory Corporations, Companies and Co-operatives and local bodies, etc., on 31st March 1986 was Rs. 195.53 crores including interest of Rs. 7.53 crores (against the maximum amount guaranteed of Rs. 261.09 crores). No guarantee was invoked during the year.

In 2 cases, gurantee commission of Rs. 5.19 lakhs was due for recovery on 31st March 1986, the main defaulter being the Himachal Pradesh Civil Supplies Corporation Limited (Rs. 3.25 lakhs).

No law has been passed by the State Legislature under Article 293(1) of the Constitution laying down the limits within which Government may give guarantees on the security of the Consolidated Fund of the State.

CHAPTER—II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. General

2.1.1. The summarised position of actual expenditure during 1985-86 against grants/appropriations is as follows :—

	Original grant/ appropri- ation	Supple- mentary	Total	Actual expendi- ture	Variation || Saving(—) Excess(+)
(Rupees in crores)					
I Revenue]]					
Voted]	394.56	62.07	456.63	434.16	—22.47
Charged	35.80	0.26	36.06	31.81	—4.25
II Capital					
Voted]	88.64	20.48	109.12	102.01	—7.11
Charged	0.03	0.06	0.09	0.09	Nil
III Public Debt					
Charged	102.29	..	102.29	75.13	—27.16
IV Loans and Advances					
Voted]	55.53	8.92	64.45	59.81	—4.64
Grand Total	676.85	91.79	768.64	703.01	—65.63

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

2.2.1. Supplementary provision obtained during the year constituted 14 per cent of the original budget provision.

2.2.2. Supplementary provision (each exceeding Rs. 10 lakhs) of Rs. 3 crores obtained in 7 cases during March 1986 proved unnecessary. In 27 more cases, additional amount required was only Rs. 35.16 crores against the supplementary grant of Rs. 61.71 crores, saving in each case exceeding Rs. 10 lakhs.

In 6 cases, supplementary provision of Rs. 15.14 crores proved insufficient by more than Rs. 10 lakhs each leaving an aggregate uncovered excess of Rs. 3.15 crores.

2.2.3. The overall saving was Rs. 68.97 crores in all the 35 grants and appropriations. The overall excess (Appendix 2.1) on the other hand was Rs. 3.33 crores in 12 grants/appropriations requiring regularisation under Article 205 of the Constitution.

2.2.4. In the following grants/appropriations, the expenditure fell short by more than Rs. 50 lakhs each and also by more than 10 per cent of the total budget provision :—

Grant number	Description of the grant	Amount of saving (Rupees in lakhs) (percentage of provision)	Main reasons for saving
11.	Agriculture (Capital)	135.34 (12)	Less demand for plant protection equipments from the orchardists
20.	Public Health, Sanitation and Water Supply (Revenue)	395.89 (11)	Less procurement of material.
22.	Co-operation (Revenue)	51.83 (11)	Non-implementation of new Central Sector schemes in full.
	(Capital)	154.78 (41)	Less sanctioning of funds by the National Co-operative Development Corporation (Rs. 83.70 lakhs) and non-implementation of new schemes under Central Sector (Rs. 78.43 lakhs).
23.	Food and Nutrition (Capital)	201.01 (23)	Less procurement of wheat.
24.	Water and Power Development (Revenue)	110.11 (46)	Release of less Central assistance (Rs. 84 lakhs) and release of grant on actual requirement basis to the HP State Electricity Board (Rs. 26.11 lakhs) by the Government of India.
25.	Irrigation, Navigation, Drainage and Flood Control (Revenue)	52.23 (16)	Reasons for saving are awaited (March 1987).
30.	Housing (Revenue)	54.93 (28)	Mainly due to execution of works under Capital section.
31.	Urban Development (Revenue)	86.61 (17)	Non-release of additional grants-in-aid to Municipal Corporation, Shimla (Rs. 27.92 lakhs) and non-receipt of Central assistance from Government of India (Rs. 50 lakhs).
33.	Finance (Revenue) <i>Charged</i>	396.53 (11)	Surrender of funds based on actual requirements (Rs. 13 lakhs) less receipt of options for pension on <i>ad hoc</i> basis (Rs 94.54 lakhs). Reasons for the balance saving are awaited (March 1987).
	(Capital) <i>Charged</i>	2716.04 (27)	Reasons for saving are awaited (March 1987).

2.2.5. In addition to those mentioned in para 2.2.4. above, substantial savings (exceeding Rs. 25 lakhs each) occurred in the following :—

Serial number	Grant or appropriation	Name of the scheme	Amount of savings (In lakhs of rupees)	Percentage of savings
1	2	3	4	5
1.	4—General Administration	Upgradation of standard of Administration under 8th Finance Commission Award 296—(a)(iii)(v)	25.25	13
2.	5—Land Revenue	Assistance for repair/reconstruction of houses 289—(B)(d)	29.85	100
3.	8—Education, Art and Cultural Affairs and Scientific Research	Expenditure on Education 277—(A)(g)(i)	252.68	52
		Government Middle Schools (Minimum Needs Programme) 277—(B)(b) (ii)	134.66	11
4.	9—Medical and Family Planning	Primary Health Centres 280—(A)(b)(x)(i)	43.70	18
		Health Guides Scheme 281—(i)	31.23	49
5.	10—Public Works	Stock 259—(g)(i)(ii)	383.58	96
		Construction of various works under 8th Finance Commission Award 459—(B)(xiii)	29.87	67
6.	11—Agriculture	U.S. Aid Project 305—(J)(xii)	38.42	74
		Endemic Area Control Scheme 305—(q) (iv)	43.12	48
		Purchase of Plant Protection Equipment 505—(h)(ii)	161.03	54
7.	12—Minor Irrigation	Miscellaneous Works Advances 306—(e)(iii)	77.62	41
		Establishment 306—(g)(i)	32.92	21
8.	13—Soil and Water Conservation	Expenditure on Integrated Water-Shed Management in Catchment of Flood Prone rivers in the Indo-Gangetic basin (Forest Land) 307—(c)(xii)	29.77	19
9.	14—Animal Husbandry and Dairy Development	Headquarters establishment 311—(a)(i)	30.84	52
10.	16—Forest	Introductory Plantation of Deodar, Fir, Spruce, Bamboo, Bhabor and Khair 313—(f) (i)	27.60	17

1	2	3	4	5
		Introductory Plantation of Fast Growing Species 313—(f) (ii)	27.93	17
11.	17—Roads and Bridges	Strategic Importance Roads 537—(C)(i)	91.50	48
		Border Roads 537—(c)(ii)	59.09	11
		Construction under Minimum Needs Programme 537—(d)(ii)	61.65	41
		Minimum Needs Programme 537—(e) (iii)(ii)	88.32	20
		Cableways in Himachal Pradesh 537—(i) (ix)	61.09	92
		Bridges costing five lakhs to twenty lakhs 537—(i)(xiv)	27.93	12
12.	19—Social Security, Welfare and Jails	Superintendence 288—(B)(a)(i)	58.24	99
		Himachal Pradesh Freedom Fighters Welfare Fund 288—(E)(f)(ii)	38.96	97
13.	20—Public Health, Sanitation and Water Supply	Stock 282—(B)(g)(vi)(i)	338.45	31
		Stock Manufacture 282—(B)(g)(vi)(ii)	70.00	100
		Miscellaneous Works Advances 282—(B)(g)(vi)(iii)	53.07	21
		Installation of Tubewells necessitated by drought-minor works 282—(B)(h)(i)	87.55	47
		Drainage/Sewerage Scheme 482—(b)(i)	36.41	91
14.	21—Community Development	Rural Landless Employment Guarantee Programme 314—(c)(b)(ii)	293.23	49
15.	22—Co-operation	Managerial Subsidy to Co-operative Societies 298—(c)(i)	75.78	86
		Share Capital Investment 498—(i)(i)	77.63	42
		Loans to Fruit Growers and Processing Societies 698—(c)(i)	30.00	100

1	2	3	4	5
16.	23—Food and Nutrition	Subsidy on Transportation/ Sale of essential commodities 309—(c)(i)	33.73	20
		Purchase of Wheat 509—(a)(i)	197.36	24
17.	24—Water and Power Development	Special Programme for Investi- gation of Power Schemes 331—(B)(a)(i)	84.00	53
		Interest Subsidy 334—(a)(ii)	26.11	36
		Loans for Inter-State Transmiss- ion Lines 734—(a)(i)	272.53	20
18.	30—Housing	Upgradation of standard of Administration under 8th Finance Commission Award 283—(c)(b)(ii)	58.87	100
		Upgradation of standard of Administration 483—(A)(b)(xi)	27.43	25
19.	31—Urban Development	Machinery for Implementation of Protection of Civil Rights Act, 1955 288—(c)(b)(v)	77.92	100
		Loans for Machinery for Implementation of Civil Rights Act, 1955—Loans to Munici- pal Corporation, Shimla, Chamba and Nahan 684—(b)(i)	35.42	71
20.	32—Other Administrative Services	Assistance to the families of kill- ed/disabled defence personnel 268—(d)(v)	29.83	99
		Construction of Aerodrome in Himachal Pradesh at Jubbar Hatti 536—(b)(i)	34.83	28
21.	33—Finance	8.25 per cent Himachal Pradesh State Development Loan, 1999 249—(A)(a)(xv)	30.57	55
		8.25 per cent Himachal Pradesh State Development Loan, 2000 249—(A)(a)(xvi)	30.00	100
		Interest on Loan from Commer- cial Banks for Procurement of Foodgrains 249—(A)(e)(vi)	44.00	88

1	2	3	4	5
		Interest on Ways and Means Advances and Overdrafts by Reserve Bank of India 249—(A)(c)(viii)	48.31	81
		Interest on Block Loans 249—(D)(a)(i)	305.60	61
		Interest on Loans for Central Plan schemes 249—(D)(b)	30.89	97
		Arrears due to Supreme Court Judgement 266—(a)(vii)	95.24	91
		Temporary Loans obtained from Commercial Banks for purchase of foodgrains 603—(d)(i)	400.00	67
		Normal Ways and Means Advances and Overdrafts 603—(f)(i)	3571.13	45
		Block Loans 604—(B)(a)	309.49	81
		Loans for Semi-Productive purposes payable over 30 years 604—(F)(c)(i)	169.21	56
22.	35—Tribal Development	Forestry Programme 313—(a)(ii)	33.41	24

2.2.6. Persistent savings of 10 per cent and above were noticed in the following grants/appropriations:—

Grant or appropriation	1983-84		1984-85		1985-86	
	Amount (In lakhs of rupees)	Percent- age	Amount (In lakhs of rupees)	Percent- age	Amount (In lakhs of rupees)	Percent- age
14—Animal Husbandary and Dairy Development— Capital	80.38	39	8.89	13	8.99	10
20—Public Health— Revenue	1805.82	43	523.87	14	395.89	11
22—Co-operation— Revenue	44.54	16	44.78	14	51.83	11
Capital	37.33	21	84.23	33	154.78	41
23—Food and Nutrition— Capital	819.15	52	337.96	39	201.01	23
28—Tourism— Revenue	6.42	19	5.88	11	8.17	17

2.2.7. In the case of Grant No. 23-Food and Nutrition (Revenue Section), the expenditure (Rs. 500.17 lakhs) exceeded the budget provision (Rs. 469.17 lakhs) by more than Rs. 20 lakhs and also by more than 5 per cent of the total provision; reasons therefor are awaited (March 1987).

2.2.8. Persistent excesses were noticed in Grant No. 17-Roads and Bridges (Revenue Section) during 1983-84 to 1985-86 (1983-84: Rs. 67.05 lakhs—6 per cent; 1984-85: Rs. 121.45 lakhs—10 per cent and 1985-86: Rs. 51.23 lakhs —2 per cent).

2.3. Expenditure on new service

New service means a service, expenditure on which, is not contemplated in the schedule of authorised expenditure. No expenditure on new service can be incurred without prior approval of the Legislature. In emergent cases, expenditure can, however, be incurred either after obtaining an advance from the Contingency Fund, pending authorisation of such expenditure by the Legislature or by obtaining funds through Supplementary Estimates.

2.3.1. In the cases detailed below, expenditure was met during 1985-86 by reappropriating funds from other heads although the services were either not contemplated in the schedule(s) of authorised expenditure for the year or were important enough to be regarded, as 'New Service' requiring approval of the Legislature:—

Serial number	Description of grant and head of account	Provision Estimates (Original/ Supple- mentary)	Amount of re- appro- priation	Total	Actual expen- diture	Purpose
(Rupees in lakhs)						
1.	35—Tribal Development					
	313—Forest					
	(a) Tribal Areas Sub-Plan					
	(a) (vii) Expenditure on Rural Fuelwood Plantation (Minimum Needs Programme)	—	9.39	9.39	9.39	Execution of works under the new scheme and purchase of material.
	(a) (viii) Expenditure on Social Forestry (Umbrella Project)	—	19.58	19.58	19.58	Execution of more works and purchase of material.

2.3.2. In the following cases, expenditure (exceeding Rs. 1 lakh each) was incurred without provision:—

Serial number 1	Description of grant 2	Head of account 3	Expenditure (Rupees in lakhs) 4
1.	9—Medical and Family Planning	481—Capital Outlay on Family Welfare (a) Welfare Centres (a) (i) Buildings	10.93
2.	10—Public Works	459—Capital Outlay on Public works (b) Construction (b)(i) Land Revenue	1.17
3.	12—Minor Irrigation	306—Minor Irrigation (a) Tube wells (a) (ii) Minor Works (b) Lift Irrigation Schemes	1.10 6.67
4.	17—Roads and Bridges	(b) (iii) Restoration of damages caused by Natural Calamities 337—Roads and Bridges (C) District and other Roads (C)(ii)(iii) Restoration of damages caused by Natural Calamities 537—Capital Outlay on Roads and Bridges (d) State Highways (d)(i) Other than Minimum Needs Programme Major Works (e) District and other roads (e) (ii)(i) Other than Minimum Needs Programme (e)(ii)(ii) Construction under Minimum Needs Programme (i) Other expenditure (i)(xvi) Compensation of land	4.53 71.38 1.92 7.16 205.80
5.	19—Social Security, Welfare and Jails	289—Relief on account of Natural Calamities B—Flood, cyclones, etc. (a) —Assistance to Local Bodies and other Non-Government bodies/ institutions (a)(ii) Repair of Buildings not maintained by Public Works Department Grant-in-aid	5.00
6.	25—Irrigation, Navigation and Flood Control	333—Irrigation, Navigation, Drainage and Flood Control Projects (G) Flood Control and anti-sea erosion projects	

1	2	3	4
		(e) Flood Control Projects	
		(e) (i)—Minor Works	1.53
7.	33—Finance	604—Loans and Advances from the Central Government	
		(E)—Ways and Means Advances	
		(a) Other Ways and Means Advances	1412.50
		(F) Pre-1974 Loans	
		(a) Consolidated Rehabilitation Scholarship Loans	2.14
8.	35—Tribal Development	459—Capital Outlay on Public Works,	
		(a) Tribal Area Sub-Plan	
		(a)(i) Expenditure on Building of District Administration	1.6

2.4. Shortfall/excess in recoveries

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries, which are adjusted in the accounts as reduction of expenditure; the anticipated recoveries and credits being shown separately in the budget estimates. During 1985-86, such recoveries were anticipated at Rs. 56.08 crores (Revenue) and Rs. 17.38 crores (Capital). Actual recoveries during the year were, however, Rs. 54.57 crores (Revenue) and Rs. 13.98 crores (Capital) resulting in shortfall of Rs. 1.51 crores under Revenue and Rs. 3.40 crores under Capital, respectively. Some of the important cases of excess, shortfall as compared to estimates, are detailed below; reasons therefor have not been intimated (March 1987).

Serial number	Number and name of grant	Budget Estimates		Actual Recoveries		Amount of excess(+) shortfall (—) in recoveries compared to estimates	
		Revenue	Capital	Revenue	Capital	Revenue	Capital
		(Rupees in crores)					
1.	10—Public Works	31.06	..	32.56	..	(+)1.50	..
2.	11—Agriculture	..	6.40	..	4.68	..	(—)1.72
3.	12—Minor Irrigation	6.32	..	6.91	..	(+)0.59	..
4.	17—Roads and Bridges	..	1.89	..	2.14	..	(+)0.25
5.	20—Public Health, Sanitation and Water Supply	13.61	..	10.60	..	(—)3.01	..
6.	23—Food and Nutrition	..	8.40	..	6.65	..	(—)1.75

2.5. Injudicious re-appropriation

2.5.1. (a) Reappropriation is transfer of funds within a Grant from one unit of appropriation to another unit where additional funds are needed. The State Budget Manual enjoins that re-appropriation is permissible only when it is known or anticipated that the appropriation for the unit from which funds have to be diverted will not be utilised in full, or that savings can be effected in the appropriation for that unit. Scrutiny of re-appropriation orders relating to some grants, as detailed below, revealed non-observance of this requirement :—

Grant	Head of account	Original plus Supplementary	Actual expenditure	Excess	Re-appropriation (Reduction)
(Rupees in lakhs)					
4—General Administration	296—(a)(iii)(i)	8.00	19.94	11.94	4.82
10—Public Works	259—(g)(i)	2300.00	2762.33	462.33	234.00
19—Social Security, Welfare and Jails	288—D(c)(ii)	80.80	91.19	10.39	3.52
20—Public Health, Sanitation and Water Supply	282—B(g)(i)	85.79	89.21	3.42	6.84
23—Food and Nutrition	309—(d)(i)	66.26	110.20	43.94	16.44
25—Irrigation, Navigation, Drainage and Flood Control	533—G(a)(i)	54.95	66.86	11.91	9.22

(b) In the following cases, the re-appropriation was unnecessary as the expenditure did not come up even to the original provision :—

Grant	Head of account	Original plus supplementary	Actual expenditure	Saving	Re-appropriation (Addition)
(Rupees in lakhs)					
8—Education, Art and Cultural Affairs and Scientific Research	277—B(C)(i)	29.10	13.92	15.18	6.22
9—Medical and Family Planning	480—A(a)(ii)	82.44	74.27	8.17	6.75
10—Public Works	259—(g)(i)(ii)	400.00	16.42	383.58	234.00
12—Minor Irrigation	506—(d)(i)	15.00	5.65	9.35	1.60
17—Roads and Bridges	537—(e)(iii)(iii)	269.16	244.94	24.22	17.90
19—Social Security, Welfare and Jails	288—E(f)(vi)	55.00	52.81	2.19	3.00
35—Tribal Development	277—A(a)(iii)	132.07	107.14	24.93	14.65
	277—B(a)(iii)	100.31	88.32	11.99	2.50
	305—(a)(i)	6.29	2.89	3.40	1.66
	306—(a)(v)	42.46	34.84	7.62	13.07

2.5.2. Surrender of savings

(a) The rules require that all anticipated savings should be surrendered as soon as the possibility of savings is envisaged. Such surrender is, however, being made only in March every year. During 1985-86, the entire amount of Rs. 29.14 crores was surrendered on the last working day (31st March 1986) of the financial year.

(b) In the following grants, savings exceeding Rs. 1 crore each remained unsurrendered.

Grant	Total grant/ appropriation	Total saving	Unsurrendered saving and its percentage to total saving (in brackets)
(Rupees in crores)			
Revenue Section			
8—Education, Art and Cultural Affairs and Scientific Research (Voted)	80.10	5.78	2.23 (39)
9—Medical and Family Planning (Voted)	27.64	1.43	1.00 (70)
20—Public Health, Sanitation and Water Supply (Voted)	36.60	3.96	3.95 (100)
33—Finance (Charged)	34.70	3.97	2.88 (73)
35—Tribal Development (Voted)	27.28	2.54	2.54 (100)
Capital Section			
17—Roads and Bridges (Voted)	32.39	1.13	1.03 (91)
33—Finance (Charged)	102.29	27.16	27.16 (100)

(c) In the following grants, surrenders exceeding Rs. 10 lakhs in each case were made far in excess of savings actually available for surrender:—

Grant	Total grant	Total saving	Actual surrender	Amount surrendered in excess
(Rupees in lakhs)				
Revenue Section				
19—Social Security, Welfare and Jails (Voted)	971.09	90.34	107.63	17.29
21—Community Development (Voted)	2606.05	14.05	328.64	314.59

2.6. Reconciliation of departmental figures

To enable departmental officers to exercise proper control over expenditure, there are standing instructions of Government that expenditure recorded in their books should be reconciled by them periodically with that recorded in the books of the Accountant General. Though the extent of delay in reconciliation by the Controlling Officers was brought to the notice of Government periodically during 1985-86, four Controlling Officers did not reconcile the figures in respect of three heads of accounts for the year 1985-86 and one Controlling Officer did not reconcile the figures in respect of one head of account for the period August 1985 to March 1986, upto January 1987. Expenditure of Rs. 6.53 crores, therefore, remained un-reconciled.

The matter was referred to Government in December 1986; reply is awaited (March 1987).

2.7. 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 the resultant variations are sent to the Controlling Officers, requiring them to explain variations in general and those under important heads in particular. In regard to many important heads, the reasons for variations were not furnished in time to Audit by the Controlling Officers.

In regard to the Appropriation Accounts for 1985-86, explanations for variations were not received (March 1987) in case of 294 out of 496 heads. Non-submission of information for inclusion in the Appropriation Accounts resulted in the Audit Report remaining incomplete.

The matter was referred to the concerned Controlling Officers and also to Government from time to time.

2.8. Drawal of funds in advance of requirements

The financial rules of Government stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or has already been paid out of permanent advance. It is also not permissible to draw advances from the treasury for the execution of works, the completion of which is to take considerable time. Any unspent balance is required to be refunded promptly into the treasury.

During test check (February 1985 to March 1986) of accounts of Rural Development, Education, Co-operation and Revenue Departments it was noticed that out of Rs. 41.45 lakhs drawn between 1974-75 and 1985-86 for providing irrigation and water supply facilities, execution of development schemes and drought relief, construction of patwarkhana building, gram sewak hut, *jhulla*, race way, school building and payment of housing loan and other subsidies and stipends/scholarships, etc., Rs. 14.42 lakhs (vide details in Appendix 2.2) were lying unutilised with them in the shape of cash, bank drafts or in post offices, banks and personal ledger accounts of panchayat samitis.

The matter was referred to Government between May-July 1986; reply is awaited (March 1987).

CHAPTER—III

CIVIL DEPARTMENTS

DEPARTMENT OF FOREST FARMING AND ENVIRONMENTAL CONSERVATION

3.1. Soil, water and tree conservation in Himalayas (Operation soilwatch)

3.1.1. Introductory

For development and utilisation of various natural resources and to preserve ecological balance in the region through soil conservation in the hilly State of Himachal Pradesh, programmes like erosion control in catchments of river valley projects, reclamation of reversionous area, command area development, etc., are being operated on watershed basis. To optimise production of food, fibre, fodder and fuel and to prevent degradation of land or wastage of water, Government of India launched a Centrally sponsored scheme, integrated soil and water conservation in Himalayan region from 1977-78. The scheme was subsequently (December 1979) renamed as soil, water and tree conservation in Himalayas.

3.1.2. Objectives

The objectives of the scheme are :—

- (i) survey of land and delineation of micro-watersheds requiring various degrees and types of treatment and preparation of work plan;
- (ii) taking up all required soil and water conservation measures including engineering as well as vegetative methods;
- (iii) tackling the small and medium land slips caused by road construction or other factors;
- (iv) improvement of pastures and afforestation of degraded lands or waste lands belonging to Government or community;
- (v) raising of seedlings suitable for use as fodder, fuel and small timber for planting in agricultural fields or around house sites by the agriculturists themselves;

- (vi) survey of factual position regarding migratory grazing, condition of graziers, intensity of grazing, availability of alpine pastures, etc., and
- (vii) improvement of pasture conditions in the alpine pastures and grazing conditions along migratory routes and in the lower ranges for winter grazing.

3.1.3. Scope of coverage

The working of the scheme was test checked (April-August 1986) in 13 forest divisions under 5 forest circles and 5 soil conservation offices of Agriculture department in 6 districts (Bilaspur, Kangra, Kullu, Shimla, Solan and Sirmaur) supplemented by records of the Chief Conservator of Forests (CCF) and the Director of Agriculture (DA). Important points noticed are set out in the succeeding paragraphs.

3.1.4. Organisational set up

For government lands the scheme is being implemented by the Chief Conservator of Forests, (Planning and Development) while for private agricultural land it is through the Assistant Soil Conservation Officers (ASCOS) under the Director of Agriculture. During 1981-82 to 1983-84, the Director, Soil Conservation was looking after it.

3.1.5. Survey

The scheme envisaged identification of micro or mini-watersheds of a notional size of 1000—2000 hectares depending upon the geographical conditions of the area.

No survey to identify micro or mini-watersheds was done either by the Forest department or by the Agriculture department at any stage. While the CCF stated (July 1986) that the works had been executed on badly eroded areas throughout the State which were not covered by the identified areas for soil conservation, the Director of Agriculture intimated (August 1986) that the soil conservation works were taken up on individuals' lands on loan and subsidy basis and as such no survey was needed.

3.1.6. Pattern of Central assistance and financial outlays

The scheme was being implemented with the Central assistance on the following pattern :—

- (i) Upto 1981-82, 50 per cent (25 per cent grant and 25 per cent loan).

- (ii) From 1982-83 to 1985-86, 100 per cent (50 per cent grant and 50 per cent loan).

Funds for execution of works on agricultural lands by the Agriculture department are provided by the nodal agency, viz., Forest department.

During 1978-79 to 1985-86 an expenditure of Rs. 1069.14 lakhs was incurred by the Forest (Rs. 946.98 lakhs) and Agriculture (Rs. 122.16 lakhs) departments against the budget provision of Rs. 1072.80 lakhs.

(a) Against the Central assistance of Rs. 890.31 lakhs due to the State in the shape of grant and loan, Rs. 844.73 lakhs were received upto March 1986 leaving a balance of Rs. 45.58 lakhs.

The amount of admissible Central assistance for the respective years was not reimbursed in full by Government of India as the reconciled expenditure figures and utilisation certificates were not furnished well in time by the State Government.

(b) Loans amounting to Rs. 401.70 lakhs were received by the State Government from Government of India during 1979-80 to 1985-86 under the scheme. As per terms and conditions of repayment of loans, a sum of Rs. 28.88 lakhs as principal and Rs. 31.31 lakhs as interest had become due for repayment upto March 1986 but the payment had not been made so far (August 1986).

No reasons for non-payment were intimated. The State Government besides losing a rebate of Rs. 1.32 lakhs incurred a liability for the payment of penal interest amounting to Rs. 13.13 lakhs on over due instalments.

3.1.7. Targets and achievements

Physical targets for 'development of pasture grazing land' were not fixed at all. In respect of 'afforestation of waste land', 'terracing of critically eroded agricultural land' and 'raising of seedlings' targets were not fixed for 1978-79 and 1979-80 for which no reasons were on record.

Under 'afforestation of waste land etc.', achievements fell short of targets during 1980-81 to 1984-85, the shortfall ranging between 1 and 32 per cent, for 'terracing of critically eroded agricultural land' during 1980-81 and 1982-83 to 1985-86, the shortfall ranged between 10 and 39 per cent.

Reasons for shortfall were awaited (November 1986).

The scheme had been in operation since 1978-79 but the areas with details of plantation having been done were not available with 4 divisions (Kunihar, Solan, Dharamsala and Dehra).

Test check of quarterly/annual progress reports submitted by the CCF to the Union Ministry of Agriculture from 1981-82 to 1985-86 disclosed the following points:—

- (i) The shortfall in achievement of physical targets during 1980-81 to 1984-85 was 17 per cent in Forest department and 24 per cent in Agriculture department. Reasons for the shortfall were awaited (November 1986).
- (ii) The funds provided by Government of India under this scheme were meant to carry out original work of afforestation, stabilisation of slips, etc., and the maintenance expenditure was to be met out of the State budget. The maintenance expenditure of Rs. 6.14 lakhs was, however, included in the expenditure on original works under afforestation in 8 divisions (Jubbal, Kullu, Parbati, Paonta, Seraj, Lahaul, Solan and Theog) during 1979-80 to 1985-86 against which Rs. 5.52 lakhs were got re-imbursed from Government of India incorrectly.
- (iii) The CFs, Soil Conservation Circles, Shimla and Dharamsala depicted achievements of 3,648 hectares under afforestation of waste land at a cost of Rs. 71.53 lakhs during 1982-83. The Department of Soil Conservation, however, reported (May 1983) to the Union Ministry of Agriculture treatment of 3,648 hectares at a cost of Rs. 90 lakhs. No details of enhancement of the amount by Rs. 18.47 lakhs were available/furnished. On being pointed out by the Ministry, the financial achievements were revised to Rs. 72.96 lakhs, i.e., at the rate of Rs. 2,000 (average cost of treatment) per hectare of forest land. The excess amount of afforestation (Rs. 17.04 lakhs) was, however, transferred to other components 'stabilisation of slips' and 'minor engineering works' where lump sum provision existed. No recorded reasons for doing so were available.
- (iv) The CF, Soil Circle, Shimla intimated treatment of 707 hectares of land under afforestation during 1983-84 without indicating actual expenditure incurred thereagainst.

The CCF while reporting the expenditure to Government of India indicated Rs. 14.14 lakhs as expenditure incurred without ascertaining the actual expenditure from the aforesaid CF. This figure was arrived at tentatively at the rate of Rs. 2,000 per hectare. Further, the physical achievement, based on the reports of the Circle, was 2,722 hectares whereas it was reported as 2,932 hectares to Government of India. Similarly, 1,023 hectares of advance work reportedly executed at a cost of Rs. 2.87 lakhs by circles was shown to have been completed at a cost of Rs. 6.10 lakhs by the CCF. No details/reasons for these variations were either on record or intimated.

- (v) A further scrutiny of the achievements, as intimated by the forest divisions, revealed that the progress of afforestation reported was not corroborated by records/actual work done and as such the progress shown from time to time was not based on facts. The deviation in the records of some of the divisions was as under:—

Division	(In hectares)					
	1984-85			1985-86		
	Progress reported	Actual as per records	Difference	Progress reported	Actual as per records	Difference
Dehra	121	98	23	60	49	11
Dharamsala	71	42	29	65	42	23
Jubbal	80	50	30	30*	..	..
Theog	100	51	49	105	31	74
Kullu	294	159	135	67	67	Nil
Palampur	62	43	19	37	27	10
Total	728	443	285	364	216	118

*30 hectares in Tikkar range shown achieved without any expenditure.

While no reasons for reporting inflated progress were available in the divisional records, the DFO, Theog stated (June 1986) that the areas fenced without any actual afforestation were also taken as achievement. Thus, the progress reports were not only depicting incorrect position from time to time but also the expenditure of Rs. 8.06 lakhs shown as incurred on inflated progress was not a legitimate charge on the Central funds.

(vi) The actual execution of bench terracing work carried out in the agricultural lands by the ASCOs, Dehra and Palampur revealed that the areas reported as covered in the progress reports was far in excess of the actual areas prepared after completing the work as given hereunder:—

Name of office	Year	No. of schemes test-checked	Area covered as reported	(In hectares)	
				Area prepared as per actual measurement	Excess reported
ASCO, Dehra	1984-85	6	5.87	2.36	3.51
ASCO, Palampur	1984-85	13	4.02	1.78	2.24

Interestingly, in 11 agricultural fields measuring over 4,225 sqm. each, 0.10 metre bench terracing had been carried out by ASCO, Dehra which hardly serves any purpose of soil conservation.

3.1.8. Expenditure incurred in excess of the norms fixed by Government of India

Central assistance of Rs. 85.21 lakhs was received in excess during 1980-81 to 1985-86, as detailed below:—

- (i) According to the rates prescribed for afforestation of waste lands and degraded forests with fuel, fodder and small timber species, Rs. 2,000 per hectare inclusive of 25 per cent establishment charges (Rs. 1,500 excluding establishment) were to be spent. However, there were no norms for incurring expenditure on 'stabilisation of slips' including 'minor engineering works' where lump sum provision was made. It was noticed that the progress reports upto 1983-84 were prepared on the basis of Rs. 2,000 per hectare whereas the excess expenditure incurred on afforestation was debited under 'stabilisation of slips', etc., for which lump sum provision was available. According to the actual physical and financial progress under afforestation (based on the information supplied by DFOs/CFs to the CCF) 3,556 hectares and 3,385 hectares of forest land was treated by incurring an expenditure of Rs. 60.59 lakhs and Rs. 89.46 lakhs excluding establishment expenditure during 1984-85 and 1985-86 respectively. As per norms, Rs. 53.34 lakhs during 1984-85 and Rs. 50.78 lakhs during

1985-86 were needed. Thus an expenditure of Rs. 45.93 lakhs had been incurred in excess of the norms resulting in undue charge on the Central funds.

(ii) For undertaking plantation work during a particular season in a year, advance operations like pit digging, bush cutting, nursery raising, etc., are essential as a normal feature before actual plantation. The proportionate expenditure incurred on these advance works during the previous year is met out of Rs. 1,500 prescribed for afforestation and should be reduced from the expenditure shown incurred per hectare during the subsequent years.

It was noticed that Rs. 23.83 lakhs spent on advance operations between 1980-81 and 1984-85 was not adjusted while claiming the Central assistance during the subsequent years and the amount was claimed from Government of India on the prescribed rate of actual afforestation of Rs. 1,500 per hectare.

Reasons for non-adjustment of the expenditure were awaited. This had resulted in excess re-imbursement of Central assistance to the tune of Rs. 17.76 lakhs.

(iii) In addition to afforestation, the scheme envisages raising of seedlings for planting by individual farmers in their land for which funds at the rate of Rs. 250 per 1,000 seedlings were to be provided by Government of India. The Forest department raised 61.46 lakh seedlings between 1978-79 and 1985-86 at a total cost of Rs. 33.60 lakhs but no distribution thereof was made to the individual farmers as required. These seedlings were, however, utilised by the department itself for afforestation. Thus an expenditure of Rs. 21.52 lakhs (after excluding 50 per cent State share upto 1981-82) incurred without fulfilling the objectives of the scheme was not a legitimate charge against the funds of the scheme.

(iv) (a) The instructions (December 1981) of Government of India *inter-alia* prescribed that outlay and expenditure on various items were to be restricted as under :—

(a) Works	68 per cent
(b) Establishment (i.e., Staff)	25 per cent
(c) Construction of field structure	3 per cent
(d) Contingencies including equipment, stores and vehicles	4 per cent

The expenditure on various items was reported by the CCF to Government of India, according to the prescribed norms. It was, however, noticed that the percentage of expenditure on these items actually varied during 1984-85 between 72 and 97 on works, 5 and 45 on contingencies and during 1985-86 between 74 and 98 on works, 29 and 62 on establishment and 18 and 38 on contingencies in the Forest divisions.

- (b) In Paonta division, expenditure of Rs. 3.94 lakhs was incurred on establishment during 1978-79 to 1980-81 without any staff having been sanctioned by Government of India under the scheme. The division also spent on establishment Rs. 0.55 lakh and Rs. 0.26 lakh during 1984-85 and 1985-86, respectively, without execution of any work under this scheme.

3.1.9. Development of pastures

- (i) According to the CCF (July 1986) there was no programme like improvement of pasture conditions in the alpine pastures and grazing conditions along migratory routes under the scheme.

It was, however, seen in audit that as per progress report submitted by the CCF to the Government of India, an expenditure of Rs. 11.50 lakhs was shown incurred during 1978-79 and 1980-81 on development of 1,111 hectares of pastures/grazing land. Neither any details of the work done in the area were available with CCF nor any work was executed by any of the divisions test checked.

- (ii) In Forest Division, Solan, 2.50 tonnes of polythene bags and 5 tonnes of barbed wire valued at Rs. 0.56 lakh and Rs. 0.47 lakh respectively, purchased out of the funds of the scheme during the year 1984-85 and 1985-86, were issued to Range Officers, Solan and Subathu but no work relating to this scheme has been carried out in these ranges. Similarly, Rs. 0.50 lakh were debited to this scheme during 1985-86 without any details of expenditure/work.

3.1.10. Work plans

- (i) In accordance with the requirements and types of treatments to be adopted in a priority watershed, work plans were to be prepared and got approved in advance before actual execution of works in the integrated manner. No work plan was, however, prepared either by the Forest department or by the Agriculture department. The works were reported to have been executed on the basis of Annual Plan of Operations (APOs) for the respective years. Test

check revealed that the detailed APOs prepared by the field offices were never approved by the CCF and the delay in obtaining approval for lump sum APOs prepared for obtaining administrative approval of Government of India ranged from 5 months to 12 months between 1980-81 and 1985-86.

(ii) The scheme, 'Soilwatch' mainly laid emphasis on saturation of priority watersheds so as to ensure arresting of soil in the degraded areas. No area had, however, been treated to a saturation point since inception of the scheme due to the following reasons:—

- (a) The afforestation and minor engineering works which were required to be carried out in an integrated manner in the same area depending upon its requirements were being executed in different areas by the Forest department.
- (b) Individual land development schemes in different areas rather than soil conservation measures were being executed by the Agriculture department on individual beneficiary basis rather than community basis.
- (c) No afforestation work had been carried out by the Agriculture department in agricultural lands.
- (d) No measures for carrying out work on community basis on agricultural land were ever considered by the department.
- (e) There was no co-ordination between the Forest and Agriculture departments for execution of works under the scheme.

(iii) The basic infra-structure like finances required to serve the needs of the watershed particularly of private lands was to be provided to the beneficiaries through institutional financing. The Agriculture department, however, granted loans to individual farmers departmentally out of the Central assistance. Finances were not arranged through the financial institutions like banks, etc., for achieving additional progress by covering more beneficiaries under the scheme. Reasons for not arranging institutional finance by the department were not intimated (August 1986).

(iv) Consistent with the objectives of the scheme, the intensive treatment of areas was required to be carried out in the degraded lands outside the reserved and protected forests. While all the areas treated under Forest Division, Nahan during 1984-85 (150 hectares)

and 1985-86 (254 hectares) formed part of reserved forests, 605 hectares of reserved forest area was treated during 1981-82 and 1982-83 by Paonta Division (Soil). The DFOs, Nahan and Paonta stated (May 1986) that because no other areas were available for plantation, the work was taken up in reserved forests. Again, in Jubbal Division, 17 hectares of land was treated in reserved forests at a cost of Rs. 0.45 lakh during 1985-86. The reasons for treating areas in reserved forests were awaited (August 1986). The expenditure of Rs. 18.96 lakhs (Nahan : Rs. 9.43 lakhs; Paonta : Rs. 9.08 lakhs and Jubbal : Rs. 0.45 lakh) thus incurred was beyond the scope of the scheme.

(v) According to the scheme, it was necessary to identify the areas of operation on mini sub-catchment basis in such a way that there is no overlapping of works being executed under various other Central schemes in the same catchment. Overlapping of Soilwatch scheme with river valley project schemes was noticed over an area of 503 hectares in Dehra, Kuniyar, Paonta and Parbati divisions between 1980-81 and 1985-86. The expenditure of Rs. 4.94 lakhs incurred on treatment of the above areas was thus irregular.

(vi) Rupees 23.69 lakhs provided to DFO, Lahaul between 1983-84 and 1985-86 were utilised for construction of check walls, spurs and other minor engineering works and no afforestation work had been carried out.

(vii) Departmental instructions (January 1981) totally prohibited construction of residences, offices and rest houses, etc., except *mali* huts and small godowns, out of the funds provided by Government of India under the scheme. In contravention of these instructions, office buildings, residences and rest houses were constructed in the six forest divisions test-checked after incurring a total expenditure of Rs. 8.96 lakhs.

Of these, building works involving an expenditure of Rs. 4.07 lakhs were awaiting (August 1986) completion for want of funds.

3.1.11. Survival percentage of plantation raised

(a) The normal survival percentage of plantation in the State as a whole was 70 while the survival percentage under this scheme as intimated by various forest divisions was between 40 and 80.

Test check revealed that in Theog and Seraj Divisions survival percentage ranged between 18 and 70 for the plantation raised during 1980-81 and 1983-84 at an expenditure of Rs. 0.99 lakh.

The low survival percentage was attributed to non-provision of funds out of State budget for maintenance of areas.

(b) Information relating to the area, number of plants, species, expenditure incurred on plantation year-wise and maintenance (for three years) was required to be recorded in plantation journal. Besides, the results of inspection by superior officers showing the survival percentage and any further treatment for its success were also to be recorded therein. It was, however, noticed that these journals were not prepared and where prepared were incomplete in all the divisions test-checked.

3.1.12. Purchases

Under rules, DFOs are empowered to effect purchase of items borne on rate contract with the Controller of Stores upto Rs. 2,000 in each case at a time.

Nine hundred angle iron fence posts ($1\frac{1}{2}'' \times 1\frac{1}{2}''$) of 2 metres length each (thickness not given) valuing Rs. 0.90 lakh were purchased (January 1986) by the DFO, Seraj from a firm in Mandi district not on rate contract, without calling quotations/tenders. Out of these, 540 fence posts valuing Rs. 0.56 lakh were debited to the accounts of this scheme and the remaining amount was debited to another Centrally sponsored scheme. The supply order was placed on the same day without indicating complete specifications and material shown received on the very date without any inspection. All the iron fence posts were shown issued (March 1986) to Banjar, Tirthan and Sainj ranges but actual utilisation thereof was not shown to Audit (June 1986). The above purchase was not only beyond the powers of DFOs but was also unnecessary as wooden fence posts which were normally used by the Forest department for fencing were available in abundant quantity in the divisions. Neither any justification for purchase was available nor was sanction of the competent authority obtained.

3.1.13. Evaluation

Periodical evaluation studies of works executed by the Forest and Agriculture departments so as to adjudge the impact thereof were not conducted though the scheme has been under implementation in the State for the last eight years.

3.1.14. Conclusion

Although the scheme has been under implementation since 1978-79 and an expenditure of Rs. 1069.14 lakhs has been incurred

upto 1985-86 on the execution of soil conservation works, no area had reached saturation point in treatment owing to non-adoption of the watershed approach and lack of co-ordination between the Forest and Agriculture departments. No efforts have been made to achieve other objectives of the scheme. The funds spent have thus not served the intended purpose.

Summing up

The scheme mainly aimed at preserving ecological balance through soil conservation on watershed basis to optimise production of food, fibre, fodder and fuel and to prevent degradation of land or wastage of water. No survey to identify micro-mini watersheds as envisaged under the scheme was done either by the Forest department or by the Agriculture department. Watershed approach was not followed and as such no area had reached its saturation point in treatment. Physical targets for development of 'pasture grazing land' were not fixed. Again, while no targets for 'afforestation of waste land', 'terracing of critically eroded agricultural land' and 'raising of seedlings' were fixed during 1978-79 to 1979-80, the short-fall in achievements ranged between 1 and 32 per cent in respect of 'afforestation of waste land' and between 10 and 39 per cent for 'terracing of critically eroded agricultural land' during 1980-81 to 1984-85. Distribution of 61.46 lakh seedlings produced after incurring an expenditure of Rs. 33.60 lakhs was not made to the private agriculturists. Rupees 85.21 lakhs spent in excess of the prescribed norms were got re-imbursed from Government of India. Non-repayment of loans of Rs. 60.19 lakhs which fell due upto 31st March 1986 to the Government of India involved a liability of payment of penal interest of Rs. 13.13 lakhs besides depriving of a rebate of Rs. 1.32 lakhs. There was no co-ordination between the Forest and Agriculture departments in the execution of works. No afforestation was carried out under the scheme in Lahaul and Spiti district. Evaluation of the programme had not been carried out since inception.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

3.2. Demarcation of protected forests

During test check of accounts of the Collector Forests, Mandi, conducted in October 1985, it was noticed that out of proposed 2,628 undemarcated protected forests (UPFs), 2,588 forests were constituted as demarcated protected forests (DPFs) and the remaining 40 UPFs were rejected on technical grounds. Complete cases of DPFs were

sent to revenue agencies under proper notification in May 1979 for incorporation of necessary entries in the revenue records, which was not done upto October 1985. Resultantly the DPFs were not transferred in the name of the Forest department. Meanwhile the revenue authorities granted *nautor* land for cultivation, etc., between May 1979 and October 1985 in most of these DPFs to the needy/landless persons. Thus the demarcation work done by the Forest department was set at naught. The expenditure of Rs. 20.11 lakhs incurred on salary and travelling allowance, etc., of the staff engaged on demarcation work from 1962-63 (year of taking over demarcation work by the Collector of Forests) to 1971-72 (year of completion of demarcation work) did not serve the intended purpose.

The Collector Forests, Mandi while admitting the above facts stated (October 1985) that due to certain unavoidable circumstances work relating to incorporation of necessary entries in respect of DPFs in revenue records could not be done timely and that this work and issuing of amended notification where land out of DPFs had been granted, had been taken up in collaboration with Revenue authorities and would be completed in one or two years. Even though necessary entries in the revenue records are made as contemplated, the allotment of *nautor* land from out of the DPFs as already made, would result in fragmentation of the area thus depriving the Department of the advantages of demarcation besides involving additional expenditure on the issuing of amended notification.

The matter was referred to Government in July 1986; final reply is awaited (February 1987).

DEPARTMENT OF AGRICULTURE

3.3. Pulses development and oilseeds development programmes

3.3.1. Introductory

(a) In view of the imperative need to augment the production of pulses and oilseeds to bridge the gap between their demand and supply, the State Government launched the Centrally sponsored schemes of 'Pulses Development' (Intensive Pulses Development Programme) in 1976-77 and 'Oilseeds Development' (Development of Soyabean) from 1977-78 (re-oriented and merged in the compact National Oilseeds Project from 1984-85). The growers could also avail the benefit under the Centrally sponsored scheme of 'assistance to small and marginal farmers for increasing agricultural production (SMEFP)', launched in 1983-84, comprising *inter-alia* 'free distribution of minikits of pulses and oilseeds'.

(b) Objectives

The main objectives of the programmes during the Sixth Plan were to encourage the farmers to increase the area under cultivation, production and increase per hectare productivity by distribution of improved varieties of seeds, cultivation of short duration improved varieties and by adoption of improved technology.

As will be seen from the facts brought out below the implementation of the programme did not achieve the desired results. The area, production and per hectare yield by the end of 1984-85 did not show any increase over the past achievements.

Based on the revenue records, in the case of pulses there was a reduction in the area under cultivation from 80,900 hectares in 1977-78 to 43,600 hectares (46 *per cent*) in 1984-85, the production decreased from 37,600 tonnes to 8,100 tonnes (78 *per cent*) and the yield per hectare from 0.46 tonne to 0.18 tonne (38 *per cent*) during this period.

Whereas the area covered under oilseeds cultivation increased nominally from 18,900 hectares in 1977-78 to 21,300 hectares (13 *per cent*) in 1984-85, the production decreased from 6,200 tonnes to 3,800 tonnes (39 *per cent*) and yield per hectare from 0.33 tonne to 0.17 tonne (48 *per cent*) during the said period.

3.3.2. Scope of coverage

The programmes have been implemented by the Director of Agriculture (DA) in all the 12 districts of the State. The implementation was reviewed (June-July 1986) in 4 districts (Kangra, Mandi, Sirmaur and Solan) and the results of test check are set out in the succeeding paragraphs.

3.3.3. Pattern of assistance

The expenditure on Pulses Development Programme was subsidised by Government of India to the extent of 50 *per cent* during Sixth Five Year Plan and the subsidy on the foundation seed, certified seed, truthfully labelled seed and ground operation charges was 100 *per cent*. Under Oilseeds Development Programme, the scheme on development of soyabean was subsidised by Government of India to the extent of 50 *per cent* which was enhanced to 100 *per cent* from 1984-85. The subsidy on assistance to small and marginal farmers—free distribution of minikits of pulses and oilseeds was to be shared on 50:50 basis by the Central and State Governments.

3.3.4. Financial outlay

(a) Though the Pulses Development Programme and Oilseeds (Soyabean) Development Programme, are two separate schemes, yet the expenditure on both the schemes was booked under one head of account upto 1983-84, whereafter it was separated. Thus separate figures of expenditure as also year-wise Central assistance received for these schemes separately were not made available by the department. Between 1980-81 and 1985-86, Rs. 22.46 lakhs were spent on both the schemes as against the budget allotment of Rs. 29.67 lakhs (76 per cent of the total allotment).

The reasons for shortfall in utilisation of budget provision are awaited (February 1987).

(b) As envisaged in the scheme assistance to small and marginal farmers—free distribution of minikits '(pulses and oilseeds)', Rs. 0.60 lakh per development block was to be spent per year. Accordingly, total outlay for 69 blocks worked out to Rs. 124.20 lakhs for 1983-84 to 1985-86 against which State Government allotted Rs. 53.88 lakhs and the expenditure incurred was Rs. 58.70 lakhs. Government of India had actually released Rs. 74.52 lakhs as against Central share of Rs. 29.35 lakhs upto 1985-86. Basis for excess release of Rs. 45.17 lakhs and reasons therefor were not on record and are awaited (February 1987).

3.3.5. Area production and productivity

As per revenue records, total area under pulses in 1977-78 was 80,900 hectares which got reduced to 42,900 hectares in 1982-83 and 43,600 hectares in 1984-85. The production of pulses had also come down from 37,600 tonnes in 1977-78 to 8,100 tonnes in 1984-85 showing a decrease of 78 per cent. The yield of pulses which was 0.46 tonne per hectare in 1977-78 had also come down to 0.18 tonne in 1984-85.

Though the area under oilseeds increased from 18,900 hectares in 1977-78 to 21,300 hectares in 1984-85, the production came down from 6,200 tonnes to 3,800 tonnes in 1984-85.

On the basis of departmental records, the area under pulses had increased from 72,000 hectares in 1977-78 to 83,600 hectares in 1984-85 though the production had decreased from 43,000 tonnes to 8,100 tonnes during this period. In the case of oilseeds, the area covered increased from 24,900 hectares in 1977-78 to 32,500 hectares in 1984-85 but the production increased from 10,000 tonnes in 1977-78 to 16,000

tonnes in 1984-85 whereas as per revenue records the production of oilseeds was stated to have decreased from 6,200 tonnes to 3,800 tonnes during the same period. The reasons for large difference between the figures as per revenue records and those as per departmental records are awaited (February 1987).

3.3.6. Deficiency in implementation

No specific staff has been provided in the directorate of Agriculture as well as at district level. Though certain key posts for state and district level were administratively considered by Government while according approval to the annual programmes of works for 1977-78 and 1978-79, these posts were not filled up. The following general deficiencies were noticed in the implementation of the programme:—

- (a) specific areas were not selected for implementation of schemes;
- (b) identification of farmers in potential areas was not carried out; and
- (c) the annual plans of works were circulated to the districts in June and July every year though *kharif* sowing starts from June.

3.3.7. Pulses Development Programme

3.3.7.1. The essential features of the strategy involved in achievement of the programme objectives were:—

- laying out demonstration on the plots of the selected farmers;
- seed multiplication and distribution consisting of breeder seeds, foundation seeds, certified seeds and truthfully labelled seeds;
- plant protection consisting of plant protection chemicals, plant protection equipments and operational charges; and
- production of rhizobium culture and strengthening of laboratories for its production.

3.3.7.2. Targets and achievements

- (i) Though component-wise targets for the years 1980-81 to 1985-86 were fixed in the annual plan of work, the actual

achievements were not available with the Director of Agriculture. It was stated (July 1986) that the information had been called for from the districts, which was still awaited (February 1987).

Whereas component-wise achievements were not maintained in Mandi (1981-82, 1983-84 and 1984-85) and Solan districts (1980-86), achievements fell short of the targets for demonstration during 1980-81 to 1985-86 in Kangra district by 22 per cent and Sirmaur district by 27 per cent. For distribution of seeds on subsidised basis, the shortfall was 10 per cent in Kangra district and 72 per cent in Sirmaur district. Under subsidy on plant protection equipment, in Kangra district the shortfall was 36 per cent. Apparently, the programme had not been implemented as per annual plan of works.

(ii) Under the following components of the scheme there were no achievements during the years mentioned against each district.

Component	Kangra	Mandi	Sirmaur
Demonstration	1980-81	..	..
Seed distribution	1980-81 and 1982-83	..	1981-82 and 1983-84
Distribution of plant protection chemicals on subsidy	1980-81 and 1985-86	1980-81 and 1984-85	1982
Distribution of plant protection equipment on subsidy	..	1984-85	1984-85

The Project Officer, Mandi intimated the directorate in February 1986 that 350 hectares were covered under plant protection measures and distribution of 10 sprayers by incurring an expenditure of Rs. 0.11 lakh in 1985-86. Records, however, revealed (July 1986) that there was neither any physical achievement nor had any expenditure been incurred.

3.3.7.3. Demonstration

The programme provided for laying out extension demonstration on different pulses crops on the plots of selected farmers. Inputs were to be given as per recommendations and supervision of the Agriculture department on one half of such plot and on the other half, the cultivator was to be left free to cultivate according to his choice. The objective was to convince the cultivator that the yield per hectare was higher in demonstration plot as compared to the plot cultivated independently by the cultivator. Subsidy (at the rate of Rs. 375 per hectare) to meet the cost of inputs was to be paid in the case of successful demonstration in the form of inputs and not in cash.

It was seen in audit that :—

- (a) Rupees 3.18 lakhs were sanctioned as subsidy on demonstrations in the State during 1980-81 to 1985-86 but the directorate had no records regarding these demonstrations or otherwise. In two districts where an expenditure of Rs. 0.86 lakh (Kangra : Rs. 0.67 lakh and Sirmaur : Rs. 0.19 lakh) was incurred during these years on demonstrations, no records of successful demonstrations had been maintained. In Mandi and Solan districts, subsidy amounts paid separately on demonstration were not available.
- (b) At no stage had the department worked out the expenditure on demonstration so as to restrict the subsidy at the rate of Rs. 375 per hectare or 50 per cent of the cost. In Kangra, Mandi and Sirmaur districts, average subsidy paid per hectare ranged between Rs. 18 and Rs. 1,446 during 1980-81 and 1985-86. Reasons for variation had not been investigated by the department (October 1986).
- (c) Keeping in view the small size of holdings in the State, DA directed (c.f. annual plan for each year) that no plot for demonstration should be less than one *bigha* (2 *kanals*). In Kangra, Mandi and Solan districts, 5,151 demonstrations were laid between 1980-81 and 1985-86 in plots measuring less than one *bigha*.
- (d) In 32 cases (Kangra : 4; Mandi : 10 and Sirmaur : 18), demonstrations were repeated in the same plots more than once for which no reasons were on record.
- (e) In no case results of the demonstrations were collected. Thus, the evaluation of demonstrations of different varieties of seeds and fertilizers which would have helped in improving production in subsequent years could not be done. It was stated (June-July 1986) by the Deputy Directors of Agriculture that the results could not be obtained due to non-posting of staff under the programme.
- (f) Neither norms regarding inspection of demonstration plots nor records of inspection, if any, carried out, were maintained.

3.3.7.4. Multiplication and distribution of seeds

To meet the shortage of seeds of new improved varieties, the scheme provided for multiplication of seeds at 3 stages i.e. (a) breeder (nucleus) seed, (b) foundation seed and (c) certified seed.

It was noticed that as per annual plans of works for 1980-81 to 1982-83, Rs. 0.11 lakh for production of 53 quintals of breeder seed and Rs. 0.02 lakh for 13 quintals of foundation seed of pulses, were earmarked to the Himachal Pradesh Krishi Vishva Vidyalaya, Palampur (HPKVV). The directorate had, however, no information about production of the above seed and release of subsidy.

3.3.7.5. Rhizobium culture

For increasing the production of pulses, rhizobium culture has been evolved by research. The programme aimed at mass scale production of rhizobium culture packets for distribution amongst cultivators.

- (i) Against Rs. 0.37 lakh sanctioned during 1985-86 for intensive development of pulses (laboratory : Rs. 0.20 lakh and rhizobium culture : Rs. 0.17 lakh), Rs. 0.10 lakh only were utilised. Reasons for non-utilisation of the balance amount were not on record.
- (ii) Similarly under the scheme for free distribution of mini-kits, out of Rs. 1.11 lakhs spent between 1983-84 and 1985-86 Rs. 0.60 lakh were utilised on items not connected with the preparation of rhizobium culture packets.
- (iii) Rhizobium culture was evolved for increasing the production of pulses. It was noticed that out of the total area under pulses the area covered with rhizobium culture ranged between 0.45 and 2.64 per cent only during 1980-81 to 1984-85.

Reasons for low coverage with rhizobium culture were not on record.

- (iv) No records regarding accountal/distribution and realisation of 50 per cent cost of packets supplied to the beneficiaries in Kangra (1400) and Mandi (500) districts during 1980-81 to 1985-86 were maintained.

3.3.8. Oilseeds (Soyabean) Development Programme

3.3.8.1. The salient features of the strategy involved in achieving the programme objectives were as under :—

- Demonstration (in 0.1 hectare plots).
- Distribution of soyabean seed minikits (0.1 hectare plots).
- Distribution of fertilizer minikits (0.5 hectare plots).
- Distribution of seed.

3.3.8.2. Though the programme is in operation since 1977-78, the Agriculture/Revenue departments had not maintained statistics showing year-wise coverage of area under soyabean cultivation and production. Test check revealed that the area and production had decreased in Sirmaur and Solan districts. There was large variation in average yield per hectare ranging from 3.35 quintals to 15 quintals.

It was held by the department that although soyabean has a great potential in the State, but the major constraints were the lack of adequate marketing facilities and remunerative price on which Government would procure the yield; in the absence of which a headway in increasing the production of soyabean could not be made.

3.3.8.3. Targets and achievements

(i) Though component-wise targets for the years 1980-81 to 1985-86 were fixed in the annual plans of works, the department has not maintained any records indicating the actual achievements there-against. It was stated (July 1986) by the DA that the information has been called for from the district offices, which was awaited (August 1986).

However, it was noticed that there was shortfall in achievement of targets under distribution of soyabean minikits during 1980-81 to 1985-86 in Kangra by 68 per cent, Mandi by 27 per cent and Solan by 60 per cent. The shortfall under fertilizer minikits was 73 per cent in Kangra, 51 per cent in Mandi and 80 per cent in Solan districts during this period. Under demonstration, the shortfall was 20 per cent in Mandi, 62 per cent in Sirmaur and 84 per cent in Solan districts during the same period. No reasons for shortfall were available.

The programme had not been implemented according to the annual plan of work for which no reasons were on record.

(ii) Under the following components, no achievement had been made during the years noted against the respective districts :—

Component	Kangra	Mandi	Sirmaur	Solan
Demonstration	1985-86	..	1981-82 1982-83 1984-85	1980-81 1984-85 1985-86
Soyabean seed minikits	1980-81 to 1982-83 1985-86	..	1984-85	1980-81 1983-84
Fertilizer minikits	1985-86	..	1984-85	1984-85
Seed distribution on subsidy basis	1980-81 to 1985-86	1980-81 to 1985-86	1985-86	1980-81 to 1985-86

3.3.8.4. Demonstration

The programme envisages demonstration of improved package of practices on farmers' fields and distribution of large number of minikits of oilseed crops.

- (i) Rupees 7.25 lakhs were sanctioned as subsidy on demonstration in the State between 1980-81 and 1985-86 but the department had no information regarding successful demonstrations or otherwise. In four districts where Rs. 3.67 lakhs were paid as subsidy on demonstrations during the above period, in no case results of demonstrations had been collected and compared by establishing control plot. The results of demonstration thus could not be evaluated and kept in view while organising demonstrations in the subsequent years.
- (ii) In three districts, 2,530 demonstrations (Kangra : 1,198; Mandi : 1,224 and Solan : 108) were laid between 1980-81 and 1985-86 on plots measuring less than a *bigha* in contravention of the instructions.
- (iii) In 53 plots (Kangra : 29; Mandi : 20; and Sirmaur : 4) demonstrations were repeated in the same plots, more than once. Thus the purpose of the scheme to bring additional area under soyabean cultivation could not be achieved.
- (iv) In Sirmaur district, fertilizer at the rate of 20 kgs per plot was issued for 285 plots measuring 0.1 hectare each during 1985-86 against the prescribed norm of 0.2 hectare plot.

3.3.8.5. Distribution of minikits

In Solan district, 38 minikits of fertilizers (area covered : 19 hectares) were issued with the *mash* minikits. In the remaining districts, there was no record to ensure that the fertilizer kits were actually utilised for soyabean cultivation by the beneficiaries.

Against the prescribed size of fertilizer minikit which was to cover 0.5 hectare, 289 minikits each covering 0.1 hectare to 0.4 hectare were distributed in Mandi district during 1984-85 and 1985-86. In Sirmaur district, 506 minikits of 20 kgs fertilizer covering 85 hectares were supplied. Thus on an average only 0.167 hectare of the area was covered with each kit.

3.3.8.6. Production and distribution of seed

The work of production of nucleus and foundation seed was not undertaken as no funds were provided for the purpose under the scheme. Rs. 1.12 lakhs were allotted to four districts test-checked for distribution of certified seed of soyabean during 1982-83 to 1985-86. It was, however, noticed that an expenditure of Rs. 0.06 lakh only was incurred during 1982-83 and 1984-85 in Sirmaur district. The balance amount of Rs. 1.06 lakhs remained unutilised in the other districts. Reasons for non-utilisation were not investigated (July 1986).

3.3.9. Small and marginal farmers

Free distribution of minikits (pulses and oilseeds)

3.3.9.1. Financial achievements

The position of funds allotted, utilised and reported to the DA in the case of districts test-checked is given below :—

Name of district	1983-84			1984-85			1985-86		
	Budget allotment	Expenditure	Expenditure reported	Budget allotment	Expenditure	Expenditure reported	Budget allotment	Expenditure	Expenditure reported
Kangra	4.87	4.79	4.79	6.48	3.60	3.60	6.50	8.01	4.51
Mandi	1.25	3.51	3.51	6.34	6.35	5.66	4.18	4.19	3.80
Solan	0.67	2.12	2.22	1.20	1.49	1.49	2.50	0.79	0.88
Sirmaur	1.10	1.13	1.13	2.37	1.20	1.20	2.25	1.55	1.55
Total	7.89	11.55	11.65	16.39	12.64	11.95	15.43	14.54	10.74

(i) Reasons for variation between funds allotted and expenditure incurred and that reported to the directorate were not on record or intimated.

(ii) Rupees 7.89 lakhs out of 11.65 lakhs (Kangra : Rs. 3.28 lakhs; Mandi : Rs. 2.61 lakhs; Solan : Rs. 1.49 lakhs; and Sirmaur : Rs. 0.51 lakh) were booked to this scheme on 31st March 1984 simply to avoid lapse of budget grant. Like-wise, Rs. 2.99 lakhs were booked to the scheme at the end of the financial years (1984-85, Kangra : Rs. 1.81 lakhs; Solan : Rs. 0.71 lakh; and in 1985-86, Kangra : Rs. 0.47 lakh).

- (iii) Rupees 1.37 lakhs booked in March 1984 in Kangra district represented cost of fertilizers (Rs. 0.90 lakh) and cost of soyabean and *mash* (Rs. 0.47 lakh). Test check, however, revealed that against the above amount, only fertilizer valuing Rs. 0.18 lakh was utilised in 1984-85 while the remaining material worth Rs. 1.19 lakhs had not been distributed for this programme till the time of audit (June 1986).
- (iv) Material worth Rs. 1.81 lakhs booked in March 1985 in Kangra district was not supplied to the blocks for distribution under this programme (June 1986).
- (v) The expenditure of Rs. 1.13 lakhs shown to have been incurred during 1983-84 in Sirmaur district included Rs. 0.32 lakh spent on items like charcoal, drill cloth, petrol and telephone bills, which were not connected with this programme. Like-wise, an expenditure of Rs. 0.11 lakh incurred in 1985-86 in Kangra district related to items not covered by the programme.

3.3.9.2. Implementation

(i) During *kharif* 1983, the programme could not be implemented in the State because the approval of Government of India was received only in September 1983 (after *kharif* season).

(ii) During 1983-84, 6,375 minikits of 5 kgs seed each (gram : 1,670 and peas : 4,705) were distributed against the prescribed norms of 12 kgs in a kit.

Similarly, in 1984-85, 5,870 kits of 6 kgs size were distributed against the prescribed norms of 12 kgs per minikit. In 1985-86, also, the peas kits of 6 kgs size were allotted for distribution.

(iii) According to the scheme, 38,400 minikits were to be distributed in 4 districts (32 blocks) during 1983-84 to 1985-86. Against this, 42,728 minikits (pulses : 30,126 and oilseeds : 12,602 minikits) of different sizes were distributed. Actually the number of minikits distributed, if worked out as per standard prescribed for 0.2 hectare, comes to 31,110 (pulses: 20,639 and oilseeds : 10,471) resulting in a shortfall of 19 per cent. The targets of distribution of minikits for pulses were achieved, whereas there was a shortfall of 46 per cent in respect of minikits relating to oilseeds.

(iv) In the progress report for 1983-84 of Solan district, 2,175 minikits (*mash* : 1,675 and groundnut : 500) were shown as

achievements. It was, however, seen that 1,675 minikits of *mash* were again included in the physical achievement of 1984-85. Five hundred minikits of groundnut were not distributed at all.

(v) The progress reports sent by the districts to the directorate were based on the targets allotted to the blocks and not on the actual achievements made by them.

(vi) Twenty kgs DAP fertilizer had been prescribed as optimum dose with seed minikit of 12 kgs of peas and gram and 8 kgs lentil. Test check of records revealed that the size of seed kits (gram and peas) was reduced to 5 kgs and that of lentil to 2 kgs but 20 kgs kit of fertilizer was issued even with each reduced seed kit. During 1983-84, 3,505 minikits (gram : 1,147; peas : 1,858 and lentil : 500) were distributed in the 4 districts test checked, 70,100 kgs IFFCO fertilizer valuing Rs. 2.10 lakhs was issued with 3,505 kits, instead of 26,540 kgs of DAP fertilizer valuing Rs. 0.90 lakh. This resulted in extra expenditure of Rs. 1.20 lakhs.

(vii) Instances also came to notice where fertilizer with minikits of seed was either not issued or less issued in four districts test checked.

3.3.9.3. Rhizobium culture

(i) One packet of rhizobium culture was prescribed for each minikit. In four districts test checked, against 42,728 seed minikits (1983-84 : 6,964; 1984-85 : 18,623 and 1985-86 : 17,141) only 4,248 rhizobium culture packets (1983-84 : 634; 1984-85 : 1,793 and 1985-86 : 1,821) were issued whereas no rhizobium culture packet was issued with 38,480 minikits.

(ii) In Sirmaur district, 500 packets of rhizobium culture (peas : 400 and gram : 100) were received in November 1984. All these packets were issued against 100 minikits of peas although with one kit only one packet was required to be issued. The remaining 300 packets of peas and 100 packets of gram rhizobium culture were used for purposes not connected with the scheme.

(iii) Rhizobium culture meant for a particular variety is issued only for that variety. In Sirmaur district, 408 packets of rhizobium culture were received in 1984-85 and variety crops to which these related were not indicated on the packets. These packets were, however, issued with minikits of *mash* and *rajmash*.

3.3.9.4. Other topics of interest

(i) Small and marginal farmers preferably belonging to scheduled castes/tribes were to be helped with minikits in identified areas. The name, holdings number and type of identified farmers whether small or marginal were to be entered in the register to be maintained on village-wise basis. Test check revealed that identification number of farmers had mostly not been given in the lists except for two blocks of Mandi district (Rewalsar and Sundernagar). Size of land holdings had also not been indicated. In two districts, out of 11,636 beneficiaries (Sirmaur : 5,107 and Solan : 6,529) identification number was not given in 11,463 cases (Sirmaur : 4,924 and Solan : 6,539) and size of holdings was not indicated in 10,473 cases (Sirmaur : 3,934 and Solan : 6,539).

(ii) Contrary to the instructions, separate minikit registers had not been maintained in any of the 32 blocks of four districts test checked. In two districts (Sirmaur and Mandi) though separate minikit registers were maintained, these were neither complete nor subjected to test check by any State/district level officer. Minikit register at the directorate level had also not been maintained.

(iii) No programme implementation committee had been constituted in the districts to identify the variety of oil seeds, pulses and fertilizers, etc., to be distributed.

(iv) No orders of the directorate were available laying down the specific responsibility of the various senior officers at State/district/block levels to ensure proper implementation and supervision of the programme.

(v) The programmes were undertaken in a number of villages and not in compact areas termed as oilseeds/pulses villages.

(vi) Expenditure of Rs. 1.91 lakhs incurred on items not connected with the scheme was booked against the scheme.

(vii) During 1985-86, soyabean valuing Rs. 0.53 lakh (Kangra: Rs. 0.40 lakh and Sirmaur : Rs. 0.13 lakh) was debited to the head meant for pulses instead of National Oil Seed Project.

(viii) Between 1980-81 and 1985-86, 19,237 kgs soyabean seed (Kangra : 9,000 kgs; Mandi : 4,403 kgs; Solan: 5,394 kgs and Sirmaur : 440 kgs) and 19,275 kgs of pulses seed of various varieties (Kangra : 5,067 kgs; Mandi : 3,081 kgs; Solan : 9,441 kgs

and Sirmaur . 1,686 kgs) was issued to village level workers by the Agriculture Inspectors of the blocks for laying out demonstration, etc. No details/acknowledgement of farmers in whose plots demonstrations were carried out were produced to Audit.

3.3.10. Monitoring

Agriculture department was required to furnish monthly reports to the Commodity Directorate of Government of India regarding physical and financial achievements in the field. It was seen that regular reports had neither been submitted by the districts nor compiled and sent to the Commodity Directorate by the Directorate of Agriculture.

3.3.11. Evaluation

The programmes have not been evaluated by the Programme Committee at the State level or by Commodity Directorate, Government of India since their inception. Specific reasons for not undertaking this work are awaited (February 1987).

Summing up

The Pulses Development and Oilseeds Development Programmes mainly aimed at encouraging the farmers to increase the area under cultivation, production and per hectare productivity. During 1977-78 to 1984-85 there was a reduction in the area under pulses cultivation and the production and per hectare yield also declined. In the case of oilseeds while there was a nominal increase in the area under cultivation, the production and per hectare yield decreased. Deficiencies were noticed in the implementation of the programme due to non-provision of staff at directorate and district level. Component-wise achievements were also not available with the directorate. The department had not maintained any record regarding successful demonstration nor were the results of demonstration collected. The amount allotted for distribution of certified soyabean seed in four districts was not utilised. Minikits of gram and peas were not distributed as per prescribed norms. In some cases no fertilizer was provided with seed minikits while in other cases fertilizer provided was less than the prescribed norms. Seed minikits were also issued without rhizobium culture packets.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

DEPARTMENT OF INDUSTRIES

3.4. Small scale industries

3.4.1. Objectives and aims

During the Sixth Five Year Plan, programmes for small scale industries were to be so designed as to achieve the following objectives:—

- (i) employment in the levels of production and earnings through measures like upgradation of skill and technologies and producer-oriented marketing;
- (ii) creation of additional employment opportunities on a dispersed and decentralised basis;
- (iii) significant contribution of growth in the manufacturing sector through fuller utilisation of existing installed capacities;
- (iv) establishment of wider entrepreneurial base through appropriate training and package of incentives;
- (v) creation of viable structure of small scale industries sector so as to progressively reduce the role of subsidies;
- (vi) development of small scale and cottage industries through District Industries Centres (DICs) which have been set up in all the district headquarters for providing all services and support needed by the entrepreneurs; and
- (vii) expanded efforts in export promotion.

3.4.2. Organisational set up

The programmes for development of small scale industries are being implemented in the State under the control of the Director of Industries (DI). At the district level, the agency of DIC headed by a General Manager has been created from June 1978 to offer a package of assistance and facilities to small entrepreneurs and for guidance, raw materials, training and marketing, etc.

3.4.3. Scope of coverage

The Central and State Governments have introduced a number of programmes for the development of small scale industries which include reservation of products for exclusive manufacture in the small scale sector, special incentives for setting up industrial units in backward and rural areas, liberalisation of terms and conditions

of financial assistance from banks and other financial institutions, special facilities for import of raw material and components, etc.

The implementation of the programme was reviewed during April to July 1986 in 5 districts (Bilaspur, Hamirpur, Kangra, Solan and Una) supplemented by a test check of the records in the office of the DI and information furnished by DICs, Chamba and Shimla. Important points noticed are mentioned in the succeeding paragraphs.

3.4.4. Budget provision, expenditure and Central assistance

(a) During the Sixth Plan, against the budget provision of Rs. 1,309.64 lakhs expenditure of Rs. 1,194.78 lakhs was incurred. In 1985-86, against the budget provision of Rs. 298.18 lakhs expenditure of Rs. 280.35 lakhs was incurred. Thus funds aggregating Rs. 132.69 lakhs were less utilised.

(b) Cumulative unspent balance of Central assistance received for payment of margin money to small scale units upto 1979-80 was Rs. 19.90 lakhs. Further assistance of Rs. 36.80 lakhs was received during Sixth Plan period (Rs. 30.80 lakhs) and 1985-86 (Rs. 6 lakhs). Rupees 43.36 lakhs were utilised during Sixth Plan (Rs. 37.05 lakhs) and 1985-86 (Rs. 6.31 lakhs) leaving an unspent balance of Rs. 13.34 lakhs.

The Deputy Director of Industries attributed (July 1986) non-utilisation of funds to receipt of fewer loan cases.

3.4.5. Staff position

In seven districts subjected to test check it was noticed that against 4 posts of managers sanctioned for each district, 1 to 3 posts remained vacant during 1980-81 to 1985-86.

The DI stated (July 1986) that recruitment and promotion rules for these posts were under finalisation with Government and the vacancies would be filled as soon as these were finalised.

3.4.6. Subsidy

The Central and State Governments have sanctioned various incentives for promoting and setting up small scale industrial units in the State. The Central capital investment scheme which was operative in some of the districts from 1973-74 was extended to all districts from April 1983 as whole of the State was declared industrially backward.

The following points were noticed in respect of subsidy administration.

(a) Central investment subsidy

(i) The Central investment scheme provides that the subsidy can be claimed by the entrepreneur on the submission of details of investment on fixed assets duly certified by the Chartered Accountant and the Engineer.

In Una district, three units were allowed subsidy of Rs. 3.92 lakhs on capital investment during 1983-84 and 1984-85. Scrutiny of the claims revealed that in one case the amount of capital investment was inflated by Rs. 1.68 lakhs by forging the amount of the supporting bills (17) resulting in excess payment of subsidy of Rs. 0.42 lakh. In the second case the dates of the bills (4) were altered from 1982-83 to 1983-84 in order to claim benefit of enhanced rate of subsidy applicable from 1983-84. This resulted in extra payment of subsidy amounting to Rs. 0.07 lakh. Further, the amount of four bills appeared to have been inflated by Rs. 0.66 lakh and thereby excess subsidy of Rs. 0.16 lakh was claimed and eventually paid by the department. This was facilitated due to non-verification/non-scrutiny of the claim by the department.

(ii) It was noticed that 112 units which had been paid subsidy amounting to Rs. 41.67 lakhs had closed down within five years after commencement. Though notices for refund of subsidy in these cases had been issued by the department but in none of the cases necessary recovery had been effected so far (July 1986).

(iii) Hotel was declared (December 1976) as industry for the purpose of claiming Central investment subsidy. Subsidy of Rs. 1.43 lakhs paid (1982-83) to hoteliers of Shimla was misutilised as the premises were not utilised for the purpose for which the incentive had been allowed. In one case the party agreed to refund the amount (Rs. 0.56 lakh) of subsidy together with interest and in other case, action had been initiated to recover the amount of subsidy. The recovery is, however, awaited (October 1986).

(b) Transport subsidy

Government of India provides subsidy on expenditure incurred on the transportation of raw material and finished goods by the industrial units from specified rail head to destination and *vice versa*.

The department paid transport subsidy of Rs. 0.31 lakh to two industrial units of Mandi district in 1984-85 for the carriage of wheat.

The claim of the department was rejected by Government of India on the grounds that it stood included in the pricing formula. Although the matter was again taken up with the Government of India in February 1986, the reimbursement is awaited (July 1986). The party had not so far (July 1986) been asked to refund the amount of subsidy.

Similarly, transport subsidy of Rs. 21.48 lakhs had been paid to a large scale industrial unit (Cement Corporation of India, Rajban) between 1980-81 and 1982-83 as subsidy was not admissible. The unit had not refunded the amount despite requests of the department. The matter regarding recovery of the amount in the shape of arrears of land revenue was under consideration of Government (October 1986).

(c) Interest subsidy

(i) It was noticed that interest subsidy of Rs. 0.97 lakh had been paid to 8 units between 1982-83 and 1985-86 (Bilaspur : 5 units, Rs. 0.65 lakh; Una : 1 unit, Rs. 0.22 lakh; and Solan : 2 units, Rs. 0.10 lakh) even though their capital investment exceeded the prescribed limits.

(ii) In five districts, interest subsidy of Rs. 15.15 lakhs was paid between 1980-81 and 1985-86 to 1,918 units on the basis of recommendations of banks. It was noticed that in none of the cases the details of amount which actually remained outstanding against such units during the period for which subsidy was allowed had been indicated in the application form. In the absence of these details, the admissibility of interest subsidy could not be verified.

(iii) It was noticed (July 1986) that a sum of Rs. 7.40 lakhs was paid to the Himachal Pradesh Financial Corporation between 1978-79 and 1985-86 to meet the difference of interest on term loans to tiny units financed by the Corporation but the quarterly reports of disbursement had neither been submitted by the Corporation, as enjoined, nor called for by the department (February 1987).

(d) Concession in electric tariff

(i) The State Government allowed concession in electric tariff to industrial units in 1980 which was subsequently withdrawn in 1984 retrospectively (from 1980). By that time, the department had spent Rs. 22.37 lakhs on this incentive. This amount has neither been recovered nor regularised so far (July 1986). The DI requested

(December 1984) the Government to withdraw the incentive from August 1984 and not with the retrospective effect; reply is awaited (February 1987).

(ii) Advance of Rs. 0.30 lakh paid to the Himachal Pradesh State Electricity Board between 1981-82 and 1983-84 by General Manager, DIC, Bilaspur towards anticipated electric subsidy, was awaiting adjustment (June 1986). The department stated (June 1986) that detailed accounts of the advance would be obtained from the Board.

It was noticed that a periodic assessment of the impact of incentives was not carried out by the department as envisaged in the industrial policy.

3.4.7. Registration

The following important points were noticed in connection with registration of small scale units:—

(i) As per instructions of Government of India (January 1979), industrial units owned by the State Corporations were not to be considered as small scale units. In Kangra and Solan districts, three units owned by Corporations were registered between 1980-81 and 1982-83 and capital investment subsidy of Rs. 11.53 lakhs (Kangra : 2 units, Rs. 10.77 lakhs and Solan : 1 unit, Rs. 0.76 lakh) was paid to them. In Solan district, subsidy paid to units which had been registered prior to January 1979 amounted to Rs. 3.78 lakhs of which Rs. 1.40 lakhs had been paid after the issue of above instructions. The General Manager, DIC, Solan de-registered all these units in October 1984. Action to effect recoveries has, however, not been initiated (February 1987).

(ii) In Bilaspur district, out of 75 *ban* (string) making industries registered during 1980-81, 63 industries were de-registered (May 1985) as these were found closed during survey conducted by the field staff. The reasons for closure of 85 per cent units had not been investigated by the department (February 1987) for taking remedial measures.

(iii) The number of small scale units registered each year increased by 23 to 55 per cent between 1982-83 and 1985-86 as compared to 1980-81. However, the generation of additional employment decreased by 9 to 37 per cent between 1982-83 and 1985-86 as compared to employment generated during 1980-81.

The General Manager, DIC, Hamirpur stated (May 1986) that the entrepreneurs left the idea to start industry as some got suitable jobs in private enterprises, etc., whereas some cases were turned down by the banks. No reasons for shortfall were advanced by other General Managers.

(iv) The position of entrepreneurs identified and number of small scale industrial units set up out of the identified entrepreneurs between 1980-81 and 1985-86 was as under:--

District	Entrepreneurs identified	Number of SSI Units set up	Percentage of units set up
Bilaspur	993	901	91
Chamba	762	392	51
Hamirpur	681	531	78
Kangra	1,804	1,418	79
Solan	2,725	712	26
Una	4,467	855	19
Total	11,432	4,809	

Reasons for sizeable shortfall in setting up of industries in Solan, Una and Chamba districts were not intimated by the General Managers concerned.

3.4.8. Institutional credit

(i) For assisting the entrepreneurs in raising institutional credit, 3,199 cases (Rs. 1546.30 lakhs) were referred by four DICs (Bilaspur, Hamirpur, Kangra and Solan) to the banks upto March 1986 for arranging credits of which 1958 cases (Rs. 750.38 lakhs) were approved by the banks, 1,041 cases (Rs. 582.19 lakhs) were rejected and 229 cases (Rs. 188.07 lakhs) were pending with the banks at the end of March 1986. A scrutiny of pending cases revealed that 5 cases were lying pending with the banks for a period of over two years and 82 cases were pending for periods ranging between six and twenty-four months.

The information with regard to the amount due for recovery, amount recovered and balance awaiting recovery was not available with DICs.

Some of the cases had been sanctioned direct by the banks.

(ii) Margin money to sick units

For the revival of sick units, Government of India formulated (January 1982) a scheme on 50 : 50 basis for the grant of margin money by the State level committee on the recommendations of General Manager/Financial Institutions. The schemes could not be implemented due to non-finalisation of rules governing payment of margin money by the State Government in spite of a sanction of Rs. 5 lakhs by Government of India in 1982-83 and a provision of Rs. 4 lakhs made by the State Government during 1984-85. The rules were, however, framed in January 1985 and a provision of Rs. 2 lakhs was made for 1985-86, against which a sum of Rs. 1.10 lakhs was spent.

A test check of the applications of the units to whom margin money of Rs. 1.10 lakhs had been sanctioned in 1985-86 revealed the following points:—

- (a) Margin money of Rs. 0.20 lakh was sanctioned by the competent authority to a unit in the Una district, even though the case was not recommended by the authority empowered to do so. Further, the unit had not furnished information on important points like output, expenditure and profit/loss during the last three years which was necessary for determining its sickness. The application for loan was also un-signed.
- (b) Information regarding expenditure, sales, profit/loss, etc., had also not been furnished by a unit in Solan district to whom margin money of Rs. 0.10 lakh had been sanctioned.
- (c) Margin money of Rs. 1 lakh had been disbursed to five units in Una district without executing agreements and laying down terms and conditions of repayment of loan. At the instance of Audit, the General Manager concerned had been asked (June 1986) to execute the agreements. Intimation regarding execution of agreements is awaited (February 1987).

(iii) Outstanding loans

A sum of Rs. 127.85 lakhs (principal : Rs. 67.38 lakhs; interest : Rs. 60.47 lakhs) pertaining to the period 1951-52 to 1985-86 on account of loans advanced to industrial units by the department was outstanding as on 31st March 1986.

Though the notices had been served upon the defaulting units yet vigorous efforts were not made to effect the recoveries.

3.4.9. Working results

(i) With a view to enable compilation of information regarding production and growth of small scale sector and to facilitate the department in arriving at realistic estimates of the requirements of small scale sector in respect of raw material, finance and other essential inputs, the small scale industrial units are required to furnish monthly production returns. It was noticed that these returns had not been received in any of the five DICs test checked and as such year-wise production figures were not available.

(ii) In Una district, the shortfall in production with reference to installed capacity during 1985-86 worked out to 59 per cent. Reasons for shortfall were, however, not intimated.

The object of optimum utilisation of installed capacity and maximising production and achieving higher productivity, as envisaged, thus remained unachieved. Moreover, in the absence of production returns, realistic estimates of requirements of small scale sector in respect of raw material, finance and other essential inputs could also not be worked out. The department had not taken action to obtain production returns.

3.4.10. Marketing

The Himachal Pradesh State Small Scale Industries and Export Corporation (HPSSIEC) had been providing marketing assistance to the small scale units by arranging supply orders from Government departments or other consumers. For this purpose registration of industrial units with the HPSSIEC is a pre-requisite.

It was noticed that only 10 units had registered with the HPSSIEC so far (July 1986) for obtaining marketing assistance. HPSSIEC intimated (July 1986) that marketing assistance had been provided to 5 units of which two units supplied sub-standard material and one unit could not execute the supply orders (July 1986) though supply orders were obtained for it in 1984. HPSSIEC further stated that registration of industrial units with the Corporation for marketing assistance has not been made obligatory by the Industries department/Government.

The department had also not set up rural marketing centres with a view to providing facilities for exhibition of products, arranging buyers/sellers, seminars and making available marketing counselling.

3.4.11. Entrepreneurial development programme

To motivate the unemployed educated youth for promoting industrial activities in the State, the department has been undertaking entrepreneurial development programme through a private limited Company. The expenditure on the programme has been shared by the department as well as various financial institutions. No norms in this regard were, however, fixed and the amount was advanced to the Company as demanded.

During 1983-84 to 1985-86, the Company conducted 10 courses and imparted training to 197 candidates who set up 110 industrial units which works out to 56 per cent.

The department had not investigated the reasons for shortfall for taking remedial measures.

It was also noticed that the department has not obtained the detailed accounts of Rs. 1.96 lakhs advanced to the aforesaid Company between 1983-84 and 1985-86 for conducting the courses.

3.4.12. Nucleus plants

To promote the concept of economic federalism, the industrial policy statement, 1980 envisaged setting up of nucleus plants in each district identified as industrially backward, to generate as many ancillaries and small scale cottage units as possible for integrated industrial development.

It was noticed that no nucleus plant was set up in any of the districts though the State was declared industrially backward. The department stated (July 1986) that a survey for the establishment of nucleus plants was carried out (1981) in three districts but no plant could be established due to poor response from large number of public sector undertakings. It was, however, stated (July 1986) that 49 ancillary small scale industrial units were set up to feed two mother units in the State.

3.4.13. Technical assistance and modernisation

The modernisation programme aimed at achieving overall production efficiency and keeping the small scale industry abreast of the latest information on production processes, products, designs, technological development, etc. This aspect had not been implemented in the State. The department stated (July 1986) that action to implement the programme is being taken by making provision in the budget for 1986-87.

3.4.14. Quality certification

The scheme of incentive for quality certification of small scale industries products introduced by Government of India from April 1983 with a view to provide financial compensation to the entrepreneurs upto Rs. 2,000 for improving the quality of products and to bring quality consciousness among them, was not availed of by any entrepreneur. Reasons for not availing this incentive were not intimated by the department (February 1987).

3.4.15. Industrial accommodation

(i) On the basis of information compiled by Data Bank of the department, out of 356 plots allotted to various units, only 123 units (34 per cent) were being utilised as at the end of March 1986. It was stated (July 1986) by the department that comparison of units actually functioning with the number of plots allotted was not realistic as more than one plots might have been allotted to the units. However, the number of plots allotted to each of the 123 units was not made available to verify the correctness of the position. Reasons for non-allotment of remaining developed plots were not available with the directorate.

(ii) For undertaking various works in industrial areas/estates, funds had been released to the Himachal Pradesh Mineral and Industrial Development Corporation (HPMIDC) by the Director of Industries. The department had neither details of amounts utilised by the Corporation nor maintained any records to watch progress of execution of works.

A scrutiny of information supplied (July 1986) by the HPMIDC revealed the following important points:—

- (a) The estimated cost of Rs. 130.97 lakhs for 5 works was deposited with the HPMIDC between 1974-75 and 1985-86 against which a sum of Rs. 118.97 lakhs was spent leaving an unutilised balance of Rs. 12 lakhs. However, on another five completed works the HPMIDC had spent Rs. 2.44 lakhs in excess of the amounts deposited with it. Thus, overall unspent amount of Rs. 9.56 lakhs was lying with the HPMIDC.
- (b) Nine works for which Rs. 39.14 lakhs had been paid between 1981-82 and 1985-86 have not been taken up by the HPMIDC so far (June 1986). The department stated (July 1986) that execution of 3 works (Rs. 18.59 lakhs)

could not be taken up due to incomplete infra-structural development in the industrial areas. Further, Rs. 14.43 lakhs paid for the execution of 2 works were proposed to be transferred to the interior areas for construction of sheds. One work (Rs. 1.21 lakhs) was held up due to court case.

(c) Fourteen works for which Rs. 177.13 lakhs had been paid to the HPMIDC between 1980-81 and 1985-86 were awaiting completion though Rs. 118.79 lakhs had been spent on these works upto March 1986. However, one work on which Rs. 0.99 lakh had been spent was held up due to court case.

(d) A sum of Rs. 31.45 lakhs for the period 1962-63 to 1985-86 on account of rent of sheds/plots and sale proceeds of centres was outstanding as on 31st March, 1986.

The department stated that efforts were being made to recover the amount.

3.4.16. Evaluation

An evaluation of the working of the scheme with a view to assess the impact of the schemes and taking remedial measures, where necessary, has not been undertaken by the department so far (July 1986).

Summing up

The programmes for small scale industries mainly envisaged increase in the level of production, creation of additional employment opportunities, fuller utilisation of installed capacities and establishment of wider entrepreneurial base. Year-wise production figures were not available with the department due to non-receipt of production returns from the industrial units. Although the number of small scale units continued to increase, year after year, the percentage of generation of additional employment during 1982-83 to 1985-86 showed a declining trend. Only 42 per cent of the identified entrepreneurs in six districts could set up industrial units. One hundred-twelve units to whom subsidy of Rs. 41.67 lakhs had been paid stopped functioning within five years of commencement of production. A periodic assessment of the impact of incentives was not carried out by the department. Out of 197 trained persons, 110 (56 per cent) set up their own industries. Payment of subsidy

of Rs. 58.06 lakhs was irregular whereas subsidy of Rs. 1.43 lakhs was misutilised by two hoteliers. Again, subsidy of Rs. 0.65 lakh was claimed by some units by inflating the bills and details of interest subsidy of Rs. 15.15 lakhs paid were not available with the department. Margin money of Rs. 1 lakh was disbursed without executing agreements. Rupees 168.86 lakhs were outstanding in respect of loans advanced to a public sector undertaking and rent of sheds/plots, etc. Nine works for which Rs. 39.14 lakhs were advanced during 1980-81 to 1985-86 to a public sector undertaking were yet to start. An evaluation of the scheme had not been conducted to assess the impact and to take remedial measures for improvement.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

DEPARTMENT OF ANIMAL HUSBANDRY

3.5. Veterinary services and animal health including related schemes

3.5.1. Introductory

In Himachal Pradesh where agriculture is the mainstay of the people, development of animal husbandry is an essential feature as livestock plays an important role in the rural economy. Prior to independence practically no veterinary facilities existed as the 9 hospitals which existed were meant for the pets and animals of rulers. By the end of Sixth Five Year Plan (1985) the number of hospitals and dispensaries in the State had risen to 705.

Although the livestock population exceeds the human population of the State, yet the quality of animal wealth remained genetically very poor, resulting in low production of milk and wool. The development of animal husbandry was undertaken by Government through a number of schemes discussed below.

3.5.2. Objectives

The primary objectives of the various programmes and schemes of the Animal Husbandry department are as follows :—

- (a) extension of curative and preventive facilities for the livestock including disease investigation;
- (b) to improve the livestock through scientific selective breeding through a net work of hospitals and dispensaries including key villages, blocks and cattle farms, with

- a view to raising the yield of various livestock products;
- (c) to help the small and marginal farmers of some specified areas to feed their calves properly so that their economic condition could be improved through better milk yield;
- (d) to provide training in artificial insemination and dairy farming, etc., to unemployed educated youth so that they could make a living by establishing their own dairy farms;
- (e) to improve the genetic quality of native breeds of sheep by cross breeding with exotic stock;
- (f) to maintain and produce high pedigreed animals by qualitative and quantitative improvement in the production of feed and fodder; and
- (g) to raise the economic standard of scheduled caste families by supplying them improved livestock and feed at subsidised rates.

3.5.3. Scope of audit

Out of the various schemes implemented through a number of institutions in the 12 districts of the State 7 districts (Shimla, Solan, Una, Sirmaur, Kangra, Mandi and Bilaspur) were test checked. Scheme-wise results of test check are embodied in the succeeding paragraphs.

3.5.4. Budget and expenditure

Against the budget provision of Rs. 2322.52 lakhs (plan : Rs. 870.94 lakhs and non-plan : Rs. 1451.58 lakhs) during 1981-82 to 1985-86, an expenditure of Rs. 2370.77 lakhs (plan : Rs. 817.34 lakhs and non-plan : 1553.43 lakhs) was incurred.

3.5.5. Veterinary services and animal health

(i) Though the number of dispensaries/hospitals in the State had gone up from 9(1948) to 705 (1985) yet the objectives like (i) identification of disease afflicting livestock, (ii) trends of mortality and morbidity and (ii) increase/decrease in life span of animals had not been achieved despite corresponding increase in the livestock as per the first census conducted in 1956 from 42.26 lakhs to 49.88 lakhs (1982) and in total expenditure of the Animal Husbandry department from Rs. 0.37 lakh (1948) to 663.42 lakhs (1985).

(ii) There are two disease investigation laboratories in the State; established in August 1964 at Kamand (Mandi district) and in 1971-72 at Jeori (Shimla district). The laboratory at Kamand caters to the needs of the districts of Chamba, Mandi, Kullu, Kangra, Lahaul and Spiti, Una and Hamirpur and the other laboratory covers the remaining districts, though the Disease Investigation Officer (DIO), Jeori was not aware of the jurisdiction of the laboratory as it has catered to the needs of Shimla (1286 samples) and Kinnaur (3 samples) districts only whereas 3 districts (Bilaspur, Sirmaur and Solan) remained uncovered. The DIO stated (July 1986) that samples are received from the adjoining areas only as long distance discourages the field staff from sending samples and most of the patients cannot wait for results and treatment for so long.

It was apparently for this reason that the performance of Jeori laboratory was far behind that of the laboratory at Kamand.

The Disease Investigation Laboratory at Jeori was without a DIO till January, 1984. It was manned only by a Stock Assistant and two class IV employees. The entire disease investigation work, therefore, remained practically neglected and the whole stock of chemicals and equipment remained unutilised till 1983-84. An expenditure of Rs. 1.22 lakhs incurred on salary and office expenses during 1981-82 to 1983-84 was thus rendered unfruitful. Similarly, in view of the performance of the laboratory even after 1983-84, the expenditure of Rs. 2.06 lakhs incurred during 1984-85 and 1985-86 was not fully justified.

The Director Animal Husbandry (Director) stated (January 1987) that since Jeori is remotely located as such the number of samples received and processed are comparatively low. It was also intimated that the Research Officer, Sheep Breeding farm, Jeori held the additional charge of DIO during the period the post of DIO remained vacant.

(iii) Fourteen mobile dispensaries have been working in the State since 1979 in order to provide immediate veterinary aid in the remote areas besides the control of out break of epidemics. According to the standing instructions, the staff of dispensaries was required to undertake tours of remote localities of the district for at least 20 days in a month including 10 night halts.

The vehicles provided for mobile dispensaries at Dharamsala, Solan and Shimla were mostly used for administrative and other purposes. In Bilaspur district only 10 per cent of the use of the vehicle was meant for the purpose whereas in Sirmaur district it was utilised to the extent of 5 per cent only.

Thus, various mobile dispensaries have not served the purpose for which these were established.

The average touring by the veterinary staff was much below the prescribed norms.

The Director stated (January 1987) that DAHOs are availing this vehicle for their tours because no separate vehicle has been provided to them. It was further stated that the prescribed quantum of tours could not be adhered to in view of limited budget provision under the head and economy measures enforced by the Government from time to time.

(iv) The only X-ray machine (costing Rs. 0.37 lakh) ever purchased by the Animal Husbandry department and received during March 1978 was provided to Veterinary Hospital, Shimla.

The equipment could not, however, be installed and put to use because the premises of the milk chilling centre, where the X-ray equipment was to be set up, were got vacated only in June 1983. Thereafter, some minor works and electricity installations were carried out and the equipment was installed in October 1984.

The services of the VAS specially got trained in radiology were never utilised for this purpose. No X-ray films were ever purchased. Only 11 films arranged from the owners of the animals were used between February 1985 and April 1986 by a person not trained for the job. This works out to less than one film a month.

The Director stated (January 1987) that departmental arrangements for films have now been made.

3.5.6. Cattle development

3.5.6.1. Cattle breeding farms

Five cattle breeding farms in the State were set up to produce pure jersey and holstein breeds of male calves for developing into high quality stud bulls. The production of such bulls has been considered to be the key to the improvement of indigenous live-stock.

It was noticed that in Bilaspur district, 112 male calves mostly of pure jersey breed, were supplied by the Kothipura farm between 1977 and 1984 to 16 Panchayats, free of charge to private persons on nominal cost and Government bodies at the prescribed rate for

which no follow-up record was maintained besides selling most of the female calves to the private farmers. On being pointed out, the DAHO stated (May 1986) that needful would be done in future. Similarly, 24 male calves were supplied in Shimla district during 1977 to 1981. The DAHO, Shimla stated (July 1986) that the requisite information could not be furnished to the directorate because follow-up reports were not received from the field staff.

The DAHO, Sirmaur, though not aware of the number of male calves supplied by Bagthan farm, stated that the follow-up of male calves would be done after they grow-up for service. The DAHO, Kangra where 79 male calves were sold and supplied by the Palampur farm during 1981-82 to 1985-86 was not aware whether any male calves were supplied in the district.

In the absence of follow-up the very objective of the cattle development in the State has been defeated.

The Director stated (January 1987) that fresh instructions for proper follow-up of male calves have been issued to all the DAHOs and other concerned officers. It was further stated that maintenance of breeding bulls by private individuals is a costly affair and as such the department has a proposal to give some honorarium/assistance to the keepers of such bulls.

3.5.6.2. Artificial Insemination

The quality of indigenous livestock in Himachal Pradesh is genetically very poor. The lactation period of cows is short and calving intervals long. Milk production per lactation is less and the age at first calving more. On an average the lactation period of hill cows is 212 days *vis-a-vis* the normal period of 300 days in the case of exotic breed.

With a view to improving the genetical make up of the livestock, particularly the cattle the system of Artificial Insemination (AI) was introduced in the State during the First Five Year Plan.

Artificial Insemination in cows and on a limited scale of buffaloes, has since been continuing through a network of hospitals, dispensaries and key village centres. A review of semen collected, used and semen discarded during the last 5 years of five of the districts covered under test check revealed the following:—

- (i) The use of deep frozen semen permits 100 per cent utilisation but in these districts the wastage ranged between

44 per cent to 82 per cent. Out of a total of 8,46,645 mls semen collected during 1981-82 to 1985-86, 5,74,435 mls (68 per cent) was wasted. The wastage was stated to be due to the supply of excessive quantities of semen, electricity failure, unsuitable size of semen vials, traffic disruptions, etc. However, the large scale discard of semen could have been avoided had the Liquid Nitrogen (LN) plants at Solan and Ghanahatti (Shimla) been commissioned within a reasonable time and the plants already commissioned at various places were utilised to their optimum capacity.

- (ii) The department set up five LN plants, 2 each at Bhangrotu and Palampur and one at Jeori at an aggregate cost of Rs. 38 lakhs of these plants. Each plant has the capacity to run for 7,800 hours in a year. Against this, the capacity utilised ranged between 1,991 hours and 3,560 hours.

The necessity of installing second plant at each of the two places viz. Bhangrotu and Palampur was not justified. According to DAHO, Mandi the second plant at Bhangrotu was installed to cope with the demand of frozen semen. But no cogent reasons were assigned for under-utilisation of the plant already existing.

- (iii) Out of an aggregate of 2,68,246 artificial inseminations done, 81,979 births of progeny were reported.

The rates of conception and progeny birth were on an average 35 per cent and 31 per cent respectively of the total AI done and in some cases it was as low as 21 per cent (in Sirmaur district during 1985-86). Out of the total cases, 38 per cent of the AI cases were not followed-up. Under the jurisdiction of Cattle Development Officer, Palampur, the rate of successful conception during 1981-82 and 1982-83 was 69.8 per cent and 70.4 per cent respectively. It went down to 50.75 per cent and 51.4 per cent during 1984-85/1985-86 because no regular Cattle Development Officer was posted and there was shortage of staff as well as funds.

- (iv) Although no records about the development and mortality of the progeny had been kept yet as a result of limited research carried out in a few selected pockets of Palampur region (where Indo-New Zealand Project had been in operation) it was noticed that out of 1,702 calves born from 4,762 artificial inseminations more than 700 had died in a year or two. The position of their subsequent mortality was not known.

The Director stated (January 1987) that it was impracticable to follow each and every cow from institutions from where the inseminations were conducted. It was further stated that the owners leave little milk for the progeny resulting in higher rate of mortality.

- (v) Despite suggestion by the Indian Council of Agricultural Research (Hand Book of Animal Husbandry) no legislation has been enacted to regulate the various aspects of AI in the State.
- (vi) According to the latest livestock census carried out during 1982, there were 21,73,663 heads of cattle in the State, out of which only 1,23,809 were cross bred. Thus, despite three decades of cross breeding programme, a mere 6 per cent of the cattle were cross bred.

As against these insignificant achievements the experts of animal husbandry in the State were of the view that quick and spectacular results could be achieved in a period of four years through cross breeding method. As recorded in the aforesaid census, there were 1,08,391 uncastrated indigenous bulls of age over three years in the State. Apparently, these bulls still remain the main source of natural service to the cows in the State.

3.5.6.3. Milk production

(i) Despite expertise and infra-structure available in these farms, the milk production indicated a declining trend. In Kothipura farm the milk production came down from 1,03,082 litres (48 pure breed cows in milk) during 1980-81 to 82,176 litres (49 pure breed cows in milk) during 1985-86. In Jersey Cattle Breeding Farm, Palampur the milk production from 38 cows in milk during 1982-83 was 1,07,617 litres whereas during 1985-86 it was 1,01,182 litres from 44 cows in milk.

In Cattle Breeding Farm, Kamand (area 183.2 acres), there were 174 cows during 1980-81 and milk yield was 2,67,022 litres (1,535 litres per cow) whereas during 1985-86 there were 130 cows and milk yield was 1,66,016 litres (1,277 litres per cow). In Bhangrotu farm there were 18 cows during 1977-78 and milk yield was 49,911 litres whereas during 1985-86 it was 46,357 litres from the same number of cows.

The DAHO, Sirmaur failed to supply similar information in respect of Bagthan farm.

The reasons generally assigned for decline in milk production were drought conditions, erratic functioning of irrigation schemes, poor quality of feed supplied by a Government company and outbreak of diseases.

The foregoing account of milk yield stands in sharp contrast to the policy of Government adopted in 1973-74 that the minimum standard for cows to be retained in Government farms will be 2,000/2,200 litres per lactation (300 days) which will gradually be increased to 3,000 litres per lactation. However, it has gone substantially below 2,000 litres in most of the farms.

According to the department, 10 litres of milk per day make an animal economically viable. As against this, in Kothipura farm, the milk yield from 48 animals (in milk) was 210 litres per day. Only 4-5 animals were yielding between 8 to 10 litres milk daily.

A large number of animals were yielding merely 2 litres milk daily.

(ii) The test check of two farms whose income and expenditure were available distinctly revealed a vast gap between their contingent expenditure and income for the last five years.

The Director stated (January 1987) that the income of the farm was on the lower side due to the following reasons :—

- (a) the milk was being sold to Milk Federation at rates cheaper than the market rates; and
- (b) jersey cattle was being sold to *bonafide* residents of Himachal Pradesh at rates much cheaper than the market rates which could fetch higher price by selling such cattle by public auction.

The functioning of milk supply schemes Kangra and Jeori was as under :—

(a) Milk supply scheme Kangra

In order to provide adequate marketing facilities to milk producers in the vicinity and to improve milk distribution a milk plant with a capacity of 10,000 litres per shift was to be set up in Kangra district. Accordingly, machinery with spares valuing Rs. 37.45 lakhs, ordered in March 1980 was received during March 1981 to July 1982. According to the stipulation made in the supply order the warranty

period was 12 months from the date of commissioning or 30 months from the date of last supply whichever was earlier. The suppliers were to instal the machinery at a cost of Rs. 1.95 lakhs before 31st July 1984 and were to pay an insurance premium covering the period from the date of arrival of machinery at site till the said date of installation. The machinery could, however, be installed in May 1986 that is after the lapse of warranty period, as the construction of building entrusted (July 1980) to the Public Works Department to be completed by March 1982 at an estimated cost of Rs. 29.54 lakhs could not be completed in time. The delay in completion of the building was stated (August 1986) to be on account of addition to the civil works which could be finalised after receipt of complete machinery. It was, however, observed that the drawings and working weights for the lay-out of the plant received (May 1980) from the suppliers had been passed on by the department to the Public Works Department as far back as July 1980. As such, completion of civil works was not dependent on receipt of complete machinery. The suppliers of the machinery increased (July 1984) the installation charges to Rs. 3.83 lakhs and stopped paying the annual insurance premium of Rs. 0.22 lakh.

Thus, an expenditure of Rs. 37.45 lakhs on the purchase of machinery remained unfruitful for a period of about four years, which deprived the public of the benefit of collection and supply of milk to the extent of 26 lakh litres (1982-83: 6 lakh litres; 1983-84 and 1984-85 : 6.50 lakh litres each year and 1985-86 : 7 lakh litres) as stipulated in the project report. Besides, non-installation of machinery before 31st July 1984 had also resulted in additional avoidable expenditure of Rs. 2.10 lakhs (May 1986) on account of additional installation charges.

Apart from the above, the scheme was incurring a loss of Rs. 18 lakhs per year. Its accumulated losses during 1981-82 to 1985-86 were Rs. 66.94 lakhs.

(b) Milk supply scheme Jeori

Against its capacity of 2,000 litres of milk per day, it was handling only 183 litres per day during 1985-86. An expenditure of Rs. 7.06 lakhs was incurred during 1985-86 while the income was Rs. 1.89 lakhs. An aggregate expenditure of Rs. 33.41 lakhs has been incurred during 1981-82 to 1985-86 whereas the income during this period was Rs. 10.06 lakhs leaving a gap of Rs. 23.36 lakhs. While Rs. 1.67 lakhs had been paid during 1985-86 towards the cost

of 66,746 litres of milk to the producers, 1.73 lakhs had been incurred merely for the collection of this milk.

The Director stated (January 1987) that the department is contemplating to review the continuance of the scheme.

3.5.6.4. Special livestock production programme Nahan

This programme was launched as a Centrally sponsored scheme during 1975-76 to help in rearing the calves of the small and marginal farmers and agricultural labourers in Sirmaur district, by providing 16 quintals (per head) concentrates at subsidised rates (50 per cent to 66½ per cent) to feed their heifers (between the age of 4 and 28 months) to improve the health and milk yield of the cross bred progeny. Under this programme, 38,000 families were to be benefited in 9 years (1976-77 to 1985-86).

Test check revealed that :—

(i) Against the target of 38,000 families, only 7,037 families were benefited upto 1985-86.

(ii) Even the above families were only partially benefited as about 90 per cent of them were provided less than 16 quintals of concentrates during the 24 months period; of these, 26 per cent lifted less than five quintals in addition to 25 per cent who were provided less than 2 quintals which is merely 12 per cent of the prescribed ration of concentrates.

The Director stated (January 1987) that every effort was made to persuade the farmers to adopt better management for rearing of cross bred calves by way of better nutrition. The purchase of feed is directly co-related with the financial position of the farmers.

(iii) There were several complaints against the poor and sub-standard quality of concentrates supplied to the farmers.

(iv) The appraisal, evaluation or monitoring of the ultimate results of the calf rearing scheme was not carried out to assess the age at first calving, quantity of milk yield,

extent of lactation period, calving intervals, mortality rate, etc.

Since January 1986, no feed has been purchased and distributed for want of guidelines about the restructuring of the project. Rupees 0.20 lakh per month being incurred on staff and contingencies did not achieve the desired results.

3.5.7. Feed and fodder

(i) Improvement in the indigenous livestock through cross breeding and break through in milk yield cannot be possible without the development of good fodder. Even in the case of milch animals hardly 25 per cent of the animals are adequately fed. The department has expressed its helplessness in the matter as according to the Director, Animal Husbandry (1985) fields and pastures are the domain of the Agriculture and the Forest departments which have hardly paid any attention and importance to the development of fodder. It was stressed that suitable methodology for implementing feed and fodder programme is required to be evolved at the National level to improve genetic make-up of livestock. However, in order to achieve the objective of cattle development, the department set up five farms by providing nutritious fodder to cattle and subsequently make these animals available to the public.

The working of a few farms test-checked revealed the following points :—

- (a) In Kothipura farm which has an area of 350 acres with lift irrigation facility, the department had incurred an expenditure of Rs. 8.21 lakhs for the production of fodder worth Rs. 4.62 lakhs during 1981-82 to 1985-86. To feed about 120 heads of cattle, fodder worth Rs. 1.53 lakhs had to be purchased from local market or other States.

The production of fodder had a declining trend as it fell from 6,863 quintals (1980-81) to 5,732 quintals (1985-86). The lift irrigation scheme designed to irrigate 70 acres of land was irrigating 10 acres due to frequent failure of machinery.

The Director stated (January 1987) that the decline in fodder production was mainly due to shortage of rainfall and erratic irrigation facilities during 1984-85 and 1985-86.

- (b) In the case of Palampur farm, which has an area of 69.4 acres (cultivable area : 35 acres) the production of fodder fell from 3,472 quintals (1981-82) to 2,878 quintals (1985-86), while the total expenditure increased from Rs. 1.08 lakhs in 1981-82 to Rs. 1.38 lakhs in 1985-86.

The Director stated (January 1987) that the decline in fodder production was mainly due to erratic rainfall.

- (c) In Sunni and Kotla Barog farms (area 34.2 and 198 acres respectively) of intensive cattle development project, Rs. 7.59 lakhs were spent on contingencies. During 1981-82 to 1985-86 it had produced fodder worth Rs. 3.15 lakhs only. The production of fodder and fodder seeds also registered a substantial decline although the expenditure increased from Rs. 1.19 lakhs in 1981-82 to Rs. 1.76 lakhs in 1985-86.

The reasons assigned for these shortfalls were unfavourable weather conditions, erratic functioning of irrigation system and low quality of farm soil.

(ii) Animal feed (concentrates of milk ration) is purchased by the department from the Himachal Pradesh Agro-Industries Corporation which has a monopoly for this supply in the State. There are, however, several complaints from the departmental officers against the quality of this product which was found to be sub-standard and below specifications. Against a saving of Rs. 0.06 lakh in the rates so paid to the Corporation, the farm had to suffer a loss of Rs. 0.55 lakh in milk yield as the milk production went down from 7-8 litres to 5-8 litres per animal in the farm. Despite repeated emphasis by Government of India on the qualitative and quantitative development of fodder, no major steps have been taken by the State Government in this direction.

The Director stated (January 1987) that purchases have been made from the public sector undertakings in view of the policy of the Government.

3.5.8. Special Component Plan

For raising the economic standard of scheduled caste families by supplying improved livestock, generally milch cattle, feed, etc., at 50 per cent subsidy, a scheme known as special component plan was introduced by Government of India in 1980.

An expenditure of Rs. 189 lakhs had been incurred upto 1985-86 by supplying 9,212 animals under this scheme. The following points were noticed :—

- (i) Two milch animals were required to be given to each family, one immediately and the second after a gap of about 8 months or when the lactation period of the first ended, to ensure continuity of income to the beneficiary. It was, however, noticed that 98 per cent of these families were provided with a single animal only. Thus the objective of continuity of the income was defeated.
- (ii) To boost milk production in these animals, the scheme provided for 50 per cent subsidy on balanced feed (concentrates) costing Rs. 700 per animal for six months. It was observed that the feed actually subsidised was sufficient for only 5 per cent of the animals. In Bilaspur district, Rs. 1.91 lakhs were spent during 1980-81 to 1984-85 on departmental subsidy part alone of the feed without obtaining 50 per cent share from the beneficiary. This not only contravened Government instructions but also left the animals semi-starved. The reasons advanced for the shortfalls at (i) and (ii) were that the beneficiaries were too poor to purchase the second animal or to maintain even one because of their small land holdings.
- (iii) It was noticed that around 69 per cent of the animals supplied under this plan were buffaloes instead of cross bred cows. While admitting this anomaly, the departmental officers stated that buffaloes had been supplied on the instance of Integrated Rural Development Department which was not in accordance with the Government breeding policy.

The Director stated (January 1987) that the choice of animal was with the beneficiary. However, efforts to persuade the beneficiary for purchasing cross bred animal were taken by the department.

- (iv) The scheme provides that a regular follow-up of these animals is to be carried out by the department for maintaining their health, milk production, care of the progeny born and to assess the extent to which programme has helped in raising the economic standard of the beneficiaries. But no such follow-up was done. Consequently, the fulfilment of its objective could not be ascertained.

3.5.9. Research

Although grants-in-aid ranging between Rs. 9 lakhs to 12 lakhs were being paid by the department every year to the Himachal Pradesh Krishi Vishva Vidyalaya, Palampur for research in animal husbandry, the various DAHOs and Cattle Farm Managers stated that no help or guidance had ever been provided by the Vishva Vidyalaya even in the event of an outbreak of disease. The results of research, if any, conducted by the Vishva Vidyalaya were not available with the department.

The Director stated (January 1987) that the information has been called for from the Vishva Vidyalaya which is awaited (February 1987).

3.5.10. Appraisal

The various programmes and schemes of department have been in operation in the State for well over three decades but no mid-term appraisal or assessment has been carried out by the department to identify the shortfalls and impediments afflicting the programmes/schemes so that corrective action could be taken accordingly.

Summing up

Although the livestock population exceeds the human population of the State, the quality of animal wealth has remained genetically very poor; resulting in less production of milk. Out of 21,73,663 heads of cattle in 1982, only 1,23,809 (6 per cent) were cross bred. Forty-four to 82 per cent of the semen collected from pedigree bulls for artificial insemination was discarded. Milk production in Government farms was on the decline. Special Livestock Project, Nahan had made no headway. In Kothipura farm, Rs. 8.21 lakhs were spent to produce fodder worth Rs. 4.62 lakhs. Himachal Pradesh Krishi Vishva Vidyalaya, Palampur which was being given a grant ranging between Rs. 9 to 12 lakhs per annum had not passed on to the department the results of research, if any. The Disease Investigation Laboratory, Jeori and 14 mobile dispensaries were under-utilised. The male calves produced by the cattle breeding farms were not followed up after distribution and their utility was not known to the department. Capacity of 4 LN plants costing Rs. 38 lakhs was under-utilised. A milk plant in Kangra district remained under-utilised resulting in accumulated loss of Rs. 66.94 lakhs. The expenditure of Rs. 189 lakhs on Special Component Plan had generally not achieved the objectives. Mid-term

appraisal or assessment of the programme and schemes had not been done by the department.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

DEPARTMENT OF EDUCATION

3.6. Alleged embezzlement of Government money

A special audit (April 1986) of accounts of the Block Primary Education Officer (BPEO), Kumarsain (District Shimla) revealed that BPEO received Rs. 0.53 lakh (Rs. 0.48 lakh drawn from the treasury and Rs. 0.05 lakh received through bank draft from the District Education Officer, Shimla and District Welfare Officer, Shimla) between 1981-82 and 1984-85 for purchase of furniture (Rs. 0.21 lakh), payment of rent of primary school buildings (Rs. 0.27 lakh), scholarship/stipend (Rs. 0.04 lakh) and repair of school building (Rs. 0.01 lakh). As per cash book the whole amount of Rs. 0.53 lakh remained un-disbursed till July 1984, when the District Education Officer, Shimla on surprise inspection found that neither the amount was available in the office nor in the bank account of the office. The BPEO was placed under suspension by the department and an FIR was lodged with the Police. He, however, did not hand over the cash/records. Thereafter, a new cash book was started in which the balance of Rs. 0.53 lakh was not accounted for.

The results of police investigation were awaited (October 1986). It was further observed that the BPEO was himself performing the duties of the cashier in addition to acting as the Drawing and Disbursing Officer.

Matter was referred to Government in September 1986; reply is awaited (February 1987).

3.7. Overpayment of house rent allowance

Government sanctioned (August 1983) house rent allowance (HRA) to its employees posted at District, Sub-Divisional and Block headquarters with effect from 1st August 1983. The benefit of HRA was extended (September 1984) to its employees posted within a radius of 8 kms by the shortest practicable route from the office of the Deputy Commissioner/Sub-Divisional Officer (Civil)/Tehsildar/Naib-Tehsildar/Block Development Officer.

The Government further reiterated (February 1985) that radius of 8 kms shall be the distance by shortest practicable route of travelling between the place of posting of the concerned employee and such offices within the jurisdiction of which the employee is posted.

Test check (October 1985 to October 1986) of accounts of 15 units (High/Higher Secondary Schools and Block Primary Education offices) of Bilaspur, Chamba, Hamirpur, Kangra, Shimla, Solan and Una districts revealed that notwithstanding the instructions regarding admissibility of payment of HRA, a sum of Rs. 3.10 lakhs was paid to the employees not posted within the radius of 8 kms from the office of the Deputy Commissioner/Sub-Divisional Officer (Civil)/Tehsildar/Naib-Tehsildar/Block Development Officer.

Matter was referred to Government in September 1986; reply is awaited (February 1987).

DEPARTMENT OF SOCIAL AND WOMEN'S WELFARE

3.8. Payment of old age pension and widow pension to ineligible persons

Under the provisions of Old Age Pension (OAP) and Widow Pension (WP) Rules, destitute persons above the age of 60 years and the crippled and permanently disabled persons who have none to support them and whose annual income does not exceed Rs. 1,000 (in the case of OAP) and *bonafide* Himachali Widows, having no adult sons/un-married daughters with annual income not exceeding Rs. 1,000 (in the case of WP) are eligible for OAP and W.P.

Test check (March-April 1985) of accounts of the District Welfare Officer, Solan and Sirmaur districts revealed that on the basis of review carried out (1982-83 to 1983-84) by the department, 46 pensioners (Solan : 25 and Sirmaur : 21) who were paid Rs. 0.66 lakh (Solan : Rs. 0.50 lakh and Sirmaur : Rs. 0.16 lakh) between October 1979 and December 1984 were not eligible for the pension.

Matter was referred to Government in September 1986; reply is awaited (February 1987).

DEPARTMENT OF GENERAL ADMINISTRATION

3.9. Resident Commissioner's office, New Delhi

3.9.1. Introductory

The office of the Resident Commissioner to the Government of Himachal Pradesh, New Delhi was established in May 1973 to maintain high level liaison with Ministeries of Government of India,

International Agencies/Organisations and Members of Parliament. In order to discharge his duties the Resident Commissioner has been delegated financial powers of head of the department.

Test check (April 1986 and April 1987) of the accounts of the aforesaid office revealed the following points.

3.9.2. Accounting system

Consequent upon the departmentalisation of accounts of Central Government and the conversion of treasuries in Delhi into Pay and Accounts Offices, the State Government authorised the Drawing and Disbursing Officer of the office of the Resident Commissioner to draw pay and allowances/contingent expenditure, etc., by cheque on the Reserve Bank of India, New Delhi with effect from 1st August 1981. The receipts realised were to be credited in the Reserve Bank of India. The Drawing and Disbursing Officer was required to exercise checks and procedure as prescribed in the State Financial Manual and State Treasury Manual before passing the bills for payment. Monthly accounts were to be sent to the State Accountant General.

It was observed that the prescribed checks were not properly exercised and the delegated financial powers were grossly misused resulting in various irregularities as brought out in the succeeding paragraphs.

3.9.3. Irregular and unauthorised expenditure

The following instances of irregular and unauthorised expenditure were noticed :—

- (i) Resident Commissioner was authorised by Government to spend Rs. 0.12 lakh and Rs. 0.20 lakh per annum, out of office contingencies and hospitality budget respectively to entertain official guests according to prescribed norms.

It was noticed that during 1981-82 to 1983-84 against the admissible expenditure of Rs. 0.56 lakh, Rs. 1.34 lakhs were spent on entertainment ignoring the prescribed norms. No records about the occasion of entertainment, particulars of persons entertained and purpose achieved were maintained.

Out of above amount, Rs. 0.38 lakh (1981-82 : Rs. 0.13 lakh ; 1982-83 : Rs. 0.13 lakh and 1983-84 : Rs. 0.12 lakh) were claimed by the Resident Commissioner on hand receipts without any vouchers.

While accepting the facts, Government stated (January 1987) that case for obtaining the *ex-post-facto* sanction of the Government was under consideration.

- (ii) Rupees 0.82 lakh (1981-82 : Rs. 0.32 lakh; 1982-83 : Rs. 0.20 lakh and 1983-84 : Rs. 0.30 lakh) were spent on the purchase of gift packs from the market for which there was no budget provision. There was nothing on record to show as to whom the gift packs were presented and on what occasion.

Government expressed difficulty in offering any comments in the absence of any record having been maintained.

- (iii) The Resident Commissioner obtained approval of the Chief Secretary to the State Government (February 1982) to allow re-imbursement of the cost of treatment from the private practitioner for his wife and himself on the grounds that Government hospitals were situated at far away places.

On the basis of the above approval, which was not covered under rules, the Resident Commissioner claimed Rs. 0.24 lakh (January 1982 to June 1983) on account of re-imbursement of cost of treatment by the private practitioner. This amount included 2 bills (Rs. 0.05 lakh) prior to the date of approval. Cash memos of medicines were passed without verification by the private practitioner.

Government stated (January 1987) that the position was factual.

- (iv) Rupees 0.09 lakh were claimed by the Resident Commissioner between January 1982 to June 1983, on account of re-imbursement of actual hotel expenses (for 30 days stay in hotel on different occasions) over and above the admissible daily allowance. *Ex-post-facto* approval for tour programme and sanction for re-imbursement of actual hotel expenses without indicating amount was, however, obtained (June 1981) by the Resident Commissioner from the Chief Secretary without clearance from the Finance Department, which was not covered under rules.

Government stated (January 1987) that the position was factual.

- (v) In March 1982, Rs. 0.10 lakh were drawn by cheque in favour of the Resident Commissioner for re-imbursement of expenditure incurred on hiring of taxis by him. No

voucher in support of the expenditure incurred by the Resident Commissioner was available on record.

3.9.4. Repair of vehicles/equipment

The following irregularities were noticed in the repair of vehicles, equipment, etc. :—

- (a) Rupees 0.09 lakh were spent on repairs of vehicles, registration numbers of which were not recorded on the vouchers/records. It could not be pointed out by the office as to which vehicle was got repaired.

While confirming the position, Government stated (January 1987) that no record was available.

- (b) While in 17 cases of repairs actual payees' receipts worth Rs. 0.63 lakh were not on record, in 4 other cases, bills (Rs. 0.06 lakh) of the workshops were not found attached with the contingent bill which was also not signed by the Drawing and Disbursing Officer.

While confirming the position, Government stated (January 1987) that no record was available.

- (c) Rupees 0.13 lakh were spent on repair of three air conditioners, one fridge (1981-82 : Rs. 0.11 lakh) and one sofa set (December 1983 : Rs. 0.02 lakh) without observing codal requirements. Particulars of air conditioners, fridge and sofa set got repaired were not recorded on bills. However, in one bill the make of fridge differed from that the office actually had.

Government accepted (January 1987) the facts.

3.9.5. Purchases

Purchases were effected without observing the codal requirements. Instances of irregular purchases are narrated below :—

- (i) Tyres and tubes worth Rs. 0.63 lakh (1981-82 : Rs. 0.29 lakh; 1982-83 : Rs. 0.22 lakh and 1983-84 : Rs. 0.12 lakh) were purchased at varied rates and without considering the normal life of the material. No stock entry of tyres and tubes was made. Account of old/replaced tyres and tubes was also not maintained.

- (ii) An ambassador car was purchased from a Delhi based firm for Rs. 0.72 lakh in April 1983. No records viz. proposal for the purchase, sanction of competent authority, copy of rate contract/tenders/quotations, etc., were available to verify the judiciousness of expenditure.

Government stated (January 1987) that sanction regarding purchase of car was not available.

- (iii) Furniture and fixtures worth Rs. 0.91 lakh were purchased (1981-82 : Rs. 0.36 lakh ; 1982-83 : Rs. 0.22 lakh and 1983-84 : Rs. 0.33 lakh) from the market without assessing the actual requirement. Records relating to purchases were not maintained in the office from where the justification of purchases could be verified.

Government accepted (January 1987) the facts.

- (iv) During 1981-82 and 1983-84, a sum of Rs. 0.36 lakh was incurred on printing of the brochures (Rs. 0.30 lakh) and letter heads (Rs. 0.06 lakh) from private printing press. No stock entry of brochures/letter heads was done. The office failed to point out the occasion on which the brochures were got printed/published.

Government stated (January 1987) that no record except vouchers regarding the necessity for printing of publication, its distribution, disposal and financial sanction was available.

- (v) Books worth Rs. 0.07 lakh purchased between April 1980 and April 1983 were not taken into stock.
- (vi) Stationery worth Rs. 1 lakh was purchased between 1981-82 and 1983-84 (1981-82 : Rs. 0.38 lakh; 1982-83 : Rs. 0.48 lakh and 1983-84 : Rs. 0.14 lakh) from the market. No stationery register was made available to verify whether the items were actually purchased/consumed.

While accepting the position, Government stated (January 1987) that no register pertaining to that period was available.

3.9.6. Hiring of taxis

Rupees 2 lakhs (1981-82 : Rs. 0.58 lakh; 1982-83 : Rs. 1.30 lakhs and 1983-84 : Rs. 0.12 lakh) were spent on hiring taxis. There was nothing on record to verify the purpose for which taxis were hired.

In most of the cases neither the place visited by taxi was mentioned nor taxi number recorded on the bill. Also, actual payees' receipts for Rs. 0.67 lakh in 39 cases were not available.

Government expressed (January 1987) difficulty in offering any comments in the absence of any record having been maintained.

3.9.7. Fraudulent drawal

A bill for Rs. 4,455.50 on account of repair of vehicle was passed for payment of Rs. 14,455.50 (December 1982) resulting in overdrawal of Rs. 10,000 which came to the notice of Stock Taking Committee (January-April 1984). The amount was deposited by an office assistant into the treasury (June 1984) after 18 months of the drawal without bringing the same to the notice of the authorities. No action was taken against the official by the department (April 1986).

Government stated (January 1987) that concerned official had been charge-sheeted.

3.9.8. Shortages/non-accountal of stores

Shortages and non-accountal of stores (dead stock articles) worth Rs. 0.95 lakh and Rs. 0.10 lakh respectively was noticed by the Stock Taking Committee constituted at the instance of Audit (December 1983) for carrying out physical verification in April 1984). Against this, stores worth Rs. 0.28 lakh which mainly included dead stock articles were written off by the Resident Commissioner after a period ranging from one to 28 months from the date of purchase.

Government stated (January 1987) that the official responsible for the shortages had been charge-sheeted and the matter regarding writing off of dead stock items was under consideration.

Balance stores which mainly included dead stock articles worth Rs. 0.26 lakh were shown as 'NIL' in the stock register after recording remarks like 'consumed in office', 'used in office', 'sent to Shimla', etc.

Government accepted (January 1987) the facts.

The matter was referred to Government in September 1986; final reply in respect of sub-paras 2,5(i), (v) and 3(iv) is awaited (February 1987).

DEPARTMENT OF RURAL DEVELOPMENT

3.10. Diversion of funds

Test check of accounts of the Block Development Officer (BDO), Keylong (District Lahaul and Spiti) conducted in August 1985 revealed that during 1980-81 to 1982-83, Rs. 2.03 lakhs were placed at the disposal of BDO under 'Applied Nutrition Programme', which was introduced by the State Government in 1977 for providing food and nutrition items to children within the age group of 0-6 years and expectant mothers. Out of this amount, Rs. 1.71 lakhs were diverted for purposes not covered under the scheme viz. purchase of seed bins (Rs. 0.96 lakh), agriculture and horticulture implements (Rs. 0.11 lakh), rams and poultry birds (Rs. 0.39 lakh), vegetable seeds (Rs. 0.03 lakh), grants to Mahila Mandals (Rs. 0.20 lakh) and transportation charges (Rs. 0.02 lakh). Reasons for diversion of funds and mode of utilisation of items purchased against Rs. 1.71 lakhs are awaited (June 1986).

The matter was referred to Government in June 1986; reply is awaited (February 1987).

DEPARTMENT OF AYURVEDA

3.11. Injudicious expenditure

Test check of accounts of Physician in-charge, Ayurvedic Hospital, Chhota Shimla conducted in November 1985 revealed that an expenditure of Rs. 1.49 lakhs was incurred towards the salary of cook, kitchen boy and kitchen bearer (Rs. 1.45 lakhs) from November 1978 to October 1985 and purchase of utensils (Rs. 0.04 lakh) with the sanction of Director of Ayurveda while no cooking was done. Diet to the patients was being arranged through a contractor and Rs. 5.16 lakhs were paid between April 1980 and June 1986 to the contractor on this account.

Physician in-charge of the hospital stated (November 1985) that the services of cook, kitchen boy and kitchen bearer were being utilised against class IV strength. Reply of the Physician in-charge is not tenable as sanctioned strength of class IV employees was fully in position.

The matter was referred to Government in May 1986; reply is awaited (February 1987).

DEPARTMENT OF HEALTH AND FAMILY WELFARE

3.12. Idle equipment

Equipments valued at Rs. 10.04 lakhs purchased by Health and Family Welfare department during 1981-82 to 1985-86 for Chief Medical Officer, Una (Rs. 1.34 lakhs) and Indira Gandhi Medical College, Shimla (Rs. 8.70 lakhs) had either not been installed (value : Rs. 6.07 lakhs) for periods ranging between 1½ and 5½ years or were awaiting repairs. Non-functioning of the equipments resulted not only in blocking of Government funds but also deprived the community at large of the services for which these were purchased.

The matter was referred to Government between May and August 1986; reply is awaited (February 1987).

2.13. Outstanding inspection reports

Audit observations on financial irregularities and defects in the maintenance of initial accounts noticed during local audit which are not settled on the spot are communicated to the Heads of Offices, higher departmental authorities and Heads of departments through inspection reports. The more important irregularities are also reported to Heads of departments and Government. Half yearly reports of outstanding inspection reports and paras outstanding for more than six months are forwarded to Government to expedite their settlement.

At the end of September 1986, 3,808 inspection reports issued upto the end of March 1986 in respect of Civil departments including Public Works department (B&R) and Irrigation and Public Health department still contained 21,908 unsettled paragraphs as against 4,167 and 4,039 inspection reports containing 22,110 and 22,389 outstanding paragraphs as on 30th September 1984 and 30th September 1985 respectively.

The year-wise break up of the outstanding reports/paras in respect of Animal Husbandry and Health and Family Welfare departments was as given below:—

Year	Health and Family Welfare		Animal Husbandry	
	No. of inspection reports	No. of paragraphs	No. of inspection reports	No. of paragraphs
Prior to April 1981	129	932	26	86
1981-82	7	121	18	22
1982-83	14	242	10	68
1983-84	8	92	18	133
1984-85	14	286	4	23
1985-86	15	272	6	12
Total	187	1945	82	344

Particulars of certain typical irregularities which were commented upon in the outstanding inspection reports are given below:—

Category of objections	Inspection reports	Number of paras	Amount (Rupees in lakhs)
1. Drawal of funds in advance of requirements	2	5	29.18
2. Irregular expenditure (for want of sanctions, non-inviting of quotations, etc.	17	25	8.32
3. Overpayments, recoverable loans and advances	8	9	0.61
4. Non-accountal and shortages of stores	2	2	0.12
5. Consumption of material above prescribed norms	1	1	0.33
6. Non-disposal of unserviceable stores	12	13	1.33
7. Un-adjusted contingent advances	7	8	29.25
8. Non-verification of stores	7	7	..
9. Non-reconciliation with treasury	4	4	..
10. Non-furnishing of security bonds	2	2	..

Some of the interesting points in the outstanding reports are discussed below:—

(i) *Animal Husbandry Department*

Out of Rs. 17.58 lakhs drawn by the Director of Animal Husbandry, Shimla during February 1984, Rs. 2.98 lakhs were paid to the firm in April 1984 against part supply of the liquid nitrogen containers and the balance amount of Rs. 14.60 lakhs remained with the department in the shape of bank drafts till January 1985 when complete supply of containers was received and payment made.

(ii) *Health and Family Welfare Department*

(a) Out of contingent advances of Rs. 28.56 lakhs drawn between October 1976 and January 1986, Rs. 27.22 lakhs remained un-adjusted (January 1986), in the Department of Health and Family Welfare, as per details shown below:—

Serial number	Name of the officer	Amount outstanding (Rupees in lakhs)	Period to which pertains
1.	Chief Medical Officer, Solan	7.31	April 1983 to January 1986
2.	Chief Medical Officer, Mandi	17.12	October 1985 to October 1986
3.	Chief Medical Officer, Chamba	2.79	July 1984 to October 1985
Total		27.22	

(b) It was observed (October 1985) that the Chief Medical Officer, Chamba paid (January—May 1985) Rs. 0.11 lakh to Medical Officers of three Primary Health Centres as second contingent advance whereas Rs. 0.04 lakh representing first contingent advance was outstanding against them for periods ranging from 1 year to 5 years.

(c) Rupees 0.15 lakh drawn by the Chief Medical Officer, Solan in December 1983 as contingent advance was refunded to Government account in December 1984 without utilisation.

(d) Chief Medical Officer, Solan drew Rs. 0.41 lakh (Rs. 0.20 lakh : March 1985 and Rs. 0.21 lakh : September—November 1985) representing family planning advances and placed at the disposal of District Family Planning Officer. Out of Rs. 0.41 lakh, the District Family Planning Officer spent Rs. 0.03 lakh (September 1985) and the remaining amount of Rs. 0.38 lakh remained unspent with him (January 1986).

The matter was referred to Government in September 1986; reply is awaited (February 1987).

3.14. Misappropriations, defalcations, etc.

The position of cases of alleged misappropriations, defalcations, etc., of Government money, reported to Audit upto the end of March 1986, final action on which was pending till the end of November 1986 was as follows:—

	Number of cases	Amount (Rupees in lakhs)
Cases reported upto 31st March 1985 and outstanding on 30th November 1985	115	59.72
Cases reported during 1985-86	12	1.59
Cases disposed of till November 1986	10	1.93
Cases outstanding on 30th November 1986	117	59.38

Of these, 106 cases (amount involved : Rs. 58.41 lakhs) were outstanding for more than 3 years and even included a case (amount involved : Rs. 0.13 lakh) in respect of Forest Department pertaining to 1948-49. Sixty five cases involving Rs. 46.98 lakhs pertained to Public Works Department (B & R), 24 cases involving Rs. 3.84 lakhs pertained to the Irrigation and Public Health Department and 9 cases involving Rs. 2.32 lakhs to the Forest Department.

CHAPTER—IV

WORKS EXPENDITURE

PUBLIC WORKS DEPARTMENT

4.1. Working of machinery and workshops

4.1.1. Introductory

The mechanical wing of the Himachal Pradesh Public Works Department (department) has a two tier system of functioning as indicated below:—

- (i) machinery/vehicles being operated by civil divisions and repaired by mechanical wing; and
- (ii) machinery/vehicles being operated and repaired by mechanical wing.

There are four mechanical divisions located at Shimla, Bilaspur, Kullu and Dharamsala with 16 sub-divisions (workshops) in addition to nine workshops attached with eight civil divisions in north and south zones of the department. The Superintending Engineer, Mechanical Circle, Shimla has technical control over all the departmental workshops and administrative control over three divisions at Shimla, Bilaspur and Kullu.

A review conducted during June-July 1986 of the working of machinery and workshops in 21 divisions supplemented by points already noticed during audit inspection of 7 divisions brought out the following position.

4.1.2. Budget provision and expenditure

Against an allotment of Rs. 522.94 lakhs (non-tribal areas : Rs. 435.51 lakhs and tribal areas : Rs. 87.43 lakhs), an expenditure of Rs. 1292.06 lakhs (non-tribal areas : Rs. 1131.87 lakhs and tribal areas : Rs. 160.19 lakhs) was incurred on new supplies, repairs and carriage of machinery and equipment and tools and plants during the years 1983-84 to 1985-86 leading to an excess of Rs. 769.12 lakhs

R+6

(non-tribal areas : Rs. 696.36 lakhs and tribal areas : Rs. 72.76 lakhs). The excess was attributed by the Engineer-in-Chief (June 1986) to more repairs/receipt of machinery against old supply orders than anticipated.

4.1.3. Inventory control

(i) As on 31st March 1986, the following machines/vehicles were available with the department :—

Serial number	Particulars of machinery/vehicles	North zone	South zone
(In numbers)			
1.	Jeeps	78	92
2.	Trucks/tippers	134	146
3.	Cars/vans	9	12
4.	Dozers ✓	35	44
5.	Road rollers	74	73
6.	Air compressors	150	102
7.	Stone crushers	19	17
8.	Tractors	32	24
9.	Hot mix plants	5	8
10.	Excavators	Nil	2
11.	Snow cutters	Nil	3
12.	Concrete mixers	7	Nil
13.	Tar boilers	2	Nil
14.	Water pumps	2	Nil
15.	Vibrators	6	Nil
16.	Pumping sets	2	Nil
17.	Pump engine	1	Nil
18.	Water tankers	2	Nil
19.	Core drilling machines	2	Nil
20.	Graunulator mini size	1	Nil
21.	Saw mill	1	Nil
Total		562	523

(ii) Purchase of stores

No instructions laying down the system of materials management with regard to safety margins, re-ordering level, etc., were

issued by the department. Also no system has been evolved to watch that the field officers do not transgress the prescribed financial limits for local purchases. On the other hand, the instructions regarding assessment of total requirement of spare parts and placing consolidated supply orders on principal manufacturers so as to derive the benefit of competitive rates were not complied with. A few illustrations are given below:—

(1) *Local purchases in excess of prescribed limits*

(a) In six divisions purchase of mechanical stores had far exceeded the annual limit of Rs. 0.50 lakh, as detailed below:—

Serial number	Division	1983-84	1984-85	1985-86
(Rupees in lakhs)				
1.	Rampur	5.33	6.84	6.10
2.	Karchham	..	0.85	0.96
3.	Kalpa	1.51	2.04	0.83
4.	Kullu Mechanical	..	..	1.40
5.	Bilaspur	24.39	35.91	37.79
6.	Solan	2.59	1.28	6.40

Even the annual limit of Rs. 0.05 lakh per item was also exceeded in National Highway, Pandoh (1984-85 : Rs. 0.16 lakh and 1985-86 : Rs. 0.36 lakh), Bilaspur (1985-86 : Rs. 0.10 lakh), Rampur (1984-85 : Rs. 0.65 lakh) and Kalpa (1983-84 : Rs. 0.06 lakh and 1984-85 : Rs. 0.11 lakh) Divisions.

(b) In Mechanical Division, Kullu, Buildings and Roads Divisions, Bilaspur, Karchham and Kalpa local purchases exceeding Rs. 1,000 each for Rs. 92.43 lakhs were made by the Assistant Engineers during the years 1983-84 to 1985-86 and ex-post facto sanctions accorded by the Executive Engineers as a matter of routine.

(2) *Local purchases without calling for quotations/tenders or by collecting quotations personally*

(a) In Kullu II and National Highway, Pandoh Divisions, purchases of stores valued at Rs. 0.86 lakh were made during 1984-85 and 1985-86 against 6 supply orders without calling for open tenders though the amount of each supply order exceeded Rs. 0.10 lakh.

(b) Purchases valued at Rs. 5.45 lakhs (1983-84 : Rs. 1.03 lakhs; 1984-85 : Rs. 2.47 lakhs and 1985-86 : Rs. 1.95 lakhs) were made in Kullu II and National Highway, Pandoh Divisions against 193 supply orders by collecting 2/3 quotations personally.

(c) In Kalpa, Rampur and Karchham Divisions, purchases valued at Rs. 2.09 lakhs against 45 supply orders (1983-84 : Rs. 0.49 lakh and 1984-85 : Rs. 1.60 lakhs) were made from the same suppliers by issue of two or more supply orders on the same dates.

(3) Purchases made without requirement

(a) Purchases of spares must be made in the most economical manner and against specific requirements. Spare parts of machinery/vehicles valued at Rs. 16.26 lakhs purchased during 1971-72 to 1982-83 were surplus to the requirements of Shimla, Kullu and Bilaspur Mechanical Divisions and Kullu I, Karchham and Nahan Buildings and Roads Divisions. Out of these six divisions, five divisions circulated lists of surplus spares without getting any response from other units while one division took no action to circulate the lists of unutilised spares.

(b) In Kullu and Bilaspur Mechanical Divisions, spares valued at Rs. 2.89 lakhs procured about three years ago were lying unutilised.

(c) Though prohibited under the rules, local purchases valued at Rs. 4.63 lakhs against 75 supply orders were made by Mechanical Division, Shimla and Buildings and Roads Divisions, Rampur, Karchham, Kalpa and Bilaspur during 1983-84 to 1985-86 for stock purposes. Out of local purchases valued at Rs. 0.44 lakh made by the Executive Engineer, Kalpa Division, material valued at Rs. 0.19 lakh was still lying unutilised in stock (July 1986).

(4) Purchases made without obtaining non-availability certificate from mechanical divisions

In five divisions, local purchases of spares/mechanical stores valued at Rs. 25.37 lakhs (1983-84 : Rs. 7.34 lakhs; 1984-85 : Rs. 9.93 lakhs and 1985-86 : Rs. 8.10 lakhs) were made against 892 supply orders without obtaining 'non-availability' certificate from the mechanical divisions. The Divisional Officer, Kullu Division No. I stated (July 1986) that the requisite certificates were being obtained from the mechanical workshops before making local purchases but no such certificate was made available to Audit.

(5) *Purchases from suppliers other than principal manufacturers*

(a) Test check of records revealed that no authenticated lists of principal manufacturers/authorised agents and their rate lists were available and purchases of spares valued at Rs. 137.62 lakhs (authorised dealers : Rs. 3.50 lakhs and local firms : Rs. 134.12 lakhs) were ordered against 4,916 supply orders during the years 1983-84 to 1985-86.

(b) In Rampur Division, stores which were borne on the rate contract of Controller of Stores, Himachal Pradesh/Director General, Supplies and Disposals were purchased locally during 1984-85 involving an avoidable expenditure of Rs. 1.24 lakhs. No reasons for not affecting the purchases from approved suppliers were intimated (July 1986).

(iii) *Non-accountal/shortage of stores*

(1) Non-accountal of mechanical stores valued at Rs. 1.77 lakhs purchased in Kullu-I, Rampur and Kalpa Divisions during March 1984 to January 1985 was noticed in audit.

(2) Physical verification of mechanical stores conducted jointly by the Assistant Engineers, Mechanical Sub-Division No. I and II, Shamshi (Kullu) in February—April 1979 revealed a shortage of stores valued at Rs. 0.40 lakh and an excess of Rs. 0.10 lakh respectively against a Junior Engineer. The Junior Engineer was placed under suspension in July 1979 but further action taken against him and in making a recovery was awaited.

(iv) *Obsolete stores*

Materials like spares, tyres, etc., valued at Rs. 16.50 lakhs purchased during 1971-72 and onwards which were obsolete were awaiting (June 1986) condemnation/disposal in Mechanical Division, Shimla and Buildings and Roads Divisions, Solan, Nahan and Rampur. The carrying cost of these materials which was avoidable could be significant.

(v) *Non-disposal of dismantled/un-serviceable parts*

Dismantled/un-serviceable spare parts, tyres, etc., valued at Rs. 4.24 lakhs were awaiting (June 1986) condemnation and disposal in Mechanical Division, Shimla and Buildings and Roads Divisions,

Nurpur, Kullu-I, Nahan and National Highway, Solan since February 1982.

(vi) Loss due to long storage of batteries

Owing to a reduction in the life of batteries with the passage of time, the Engineer-in-Chief ordered in May 1982 that no stock of batteries should be maintained and batteries procured utilised immediately and not later than 6 months of their purchase in any case. It was, however, noticed in audit that 53 batteries valued at Rs. 0.40 lakh were lying unutilised in the Mechanical Divisions, Shimla, Kullu, Bilaspur and Buildings and Roads Division, Karchham since their procurement during April 1981 to March 1984.

(vii) Non-accountal of dismantled material

Material valued at Rs. 9.26 lakhs (book value) dismantled between April 1984 and November 1985 was not accounted for in the relevant records in Mechanical Divisions, Shimla, Kullu and Buildings and Roads Divisions, Rampur, Kalpa and Karchham. It was further noticed that in cases where the dismantled materials were accounted for, they were not physically verified by the Assistant Engineers who conducted physical verification of these workshops during July 1985 to March 1986. The entries in the dismantled materials, registers were also not found authenticated by any responsible official.

The Assistant Engineer who physically verified the mechanical stores/spares in December 1985 of mechanical workshop under Rampur Division pointed out in June 1986 that dismantled/old parts register was not maintained properly and it was difficult for him to check the register of dismantled stores which was also not signed by any responsible official.

4.1.4. **Utilisation of machinery**

According to instructions issued in April 1982 and reiterated in April 1983 by the Chief Engineer, the desirable range of utilisation of an air compressor, road roller, stone crusher, dozer and hot mix plant was fixed as 1,200 to 1,500, 1,000 to 1,200, 1,000 to 1,200, 800 to 1,200 and 800 to 1,200 hours per year respectively. A review of utilisation of these machines in 15 divisions conducted in June-July 1986 for the years 1983-84 and 1984-85 for which complete

performance reports were produced revealed the following position :—

Serial number	Particulars	1983-84 (October 1983 to September 1984)				1984-85 (October 1984 to September 1985)			
		Extent of utilisation (Percentage)							
		Number of machin- es re- viewed	Less than 30	Upto 60	Over 60	No. of machin- es re- viewed	Less than 30	Upto 60	Over 60
1.	Air compressors	93	41	36	16	102	39	49	14
2.	Road rollers	48	16	18	14	45	8	21	16
3.	Stone crushers	14*	7	5	2	15*	8	4	3
4.	Dozers	35	3	15	17	32	4	7	21
5.	Hot mix plants	3	2	1	Nil	2	Nil	2	Nil

Under-utilisation of machinery was attributed (June/July 1986) by the Executive Engineers, Buildings and Roads Divisions, Chamba, Churah, Theog, Kumarsain, Rampur, Kullu-I, Kullu-II and Mechanical Division, Bilaspur to the machinery remaining under repairs (being old) for periods ranging one month and 88 months, short working periods, non-availability of funds/spare parts/jobs, etc. Performance reports in respect of the remaining 6 divisions had not been prepared completely. The loss sustained by the department due to under-utilisation of machinery could, however, not be quantified in the absence of any records having been maintained in the divisions in this regard.

It was noticed that the working hours of machinery as reported by the Executive Engineers to their Superintending Engineers/Engineer-in-Chief were inflated between 4 and 445 per cent during the years 1983-84 to 1985-86 without any reasons.

Four stone crushers were received one each in Mandi-II, Sundernagar, Fatehpur and National Highway, Pandoh Divisions from the Ministry of Shipping and Transport in April 1984, through the Director General of Supplies and Disposals. The stone crushers

*Five stone crushers did not work at all during the years 1984-85 and 1985-86 in the Solan, Mandi-II, Nurpur and National Highway Pandoh Divisions.

received in Pandoh and Fatchpur Divisions were not used by these divisions and were ordered to be transferred in September 1984 and May 1985 respectively to National Highway, Solan and Shimla Divisions as large programme of renewals and asphaltic concrete jobs was required to be done and grit was being purchased by these divisions from the open market. The stone crushers were, however, not taken over by them whereas grit valued at Rs. 18.10 lakhs was purchased locally by these divisions during the years 1984-85 and 1985-86. The Executive Engineer, National Highway Division, Pandoh stated in April 1984 that the stone crusher could not be used as the major work of metalling/tarring had already been completed and another crusher received in December 1982 was already surplus to the requirements of the division. In May 1986, the Engineer-in-Chief ordered the transfer of these two crushers to the 11th Circle, Rampur but these were not received by them either till August 1986. In the meantime, the warranty period of one year of these crushers expired in April 1985. It was further noticed that grit valued at Rs. 25.39 lakhs was purchased from the open market in 1984-85 and 1985-86 by Solan, Kullu-I, II, National Highway, Pandoh, Barsar and Nurpur Divisions having stone crushers.

4.1.5. Working of Central machinery

Out of five hot mix plants received from the Ministry of Transport (MOT) in 1974 and 1977, two plants were lying in disuse as these were beyond economical repairs, two plants were lying idle as these were not required and the remaining one was not being used as the site of the plant was to be shifted as pointed out in the performance reports for the last two years. Regarding the plants beyond repairs it was intimated by the Engineer-in-Chief in June 1986 that the Superintending Engineer, Mechanical Circle, Shimla was being advised to get these plants condemned.

Three compressors (Nos. 1834, 1837 and 1838) were in disuse during 1984-85. Air compressor No. 1834 was not utilised at all while the remaining two were beyond economical repairs.

Three tippers bearing Nos. 5763, 5765 and 5816 worked partly during 1984-85 and 1985-86 and were reported to be under repairs.

One water tanker transferred to the department in 1978 from Bihar did not work at all from June 1984 to March 1985. No reasons were available (June 1986).

4.1.6. Machinery/vehicles awaiting condemnation

(i) Twenty three machines/vehicles valued at Rs. 26.05 lakhs purchased between 1963 and 1978, being un-serviceable, were awaiting

condemnation. Apart from this, another 17 machines/vehicles were simultaneously awaiting condemnation but their value was not known. In 12 cases, action was yet to be initiated (July 1986) for condemnation of these machines/vehicles. Another 17 air compressors and one road roller (value not intimated) reportedly lying at Bhattakuffer workshop (Shimla) for the past many years were not condemned (June 1986) for want of information regarding ownership of these machines despite instructions from the Engineer-in-Chief from time to time.

(ii) It was noticed (June 1986) that in 56 cases sanction for disposal of vehicles/machinery/dismantled material by auction was accorded by Engineer-in-Chief between November 1982 and May 1986 but information as to whether the items were actually auctioned and sale proceeds credited to the Government account was not available in the Engineer-in-Chief's office.

4.1.7. Non-functioning of machinery

(i) Mention was made in paragraph 4.7 of the Audit Report for the year 1976-77 (Civil), Government of Himachal Pradesh regarding timber seasoning plants installed at the Taradevi workshop in September 1972 which were lying idle since April 1976 and July 1976 respectively. It was noticed that the plants were still lying unutilised. Action to dispose of the plants or to transfer them to a division which needed them was awaited (June 1986).

(ii) One heavy duty radial drilling machine which could be used for fabrication work, purchased in March 1973 by the Executive Engineer, Buildings and Roads Division, Hamirpur for Rs. 0.28 lakh, was not being utilised as no infra-structure for fabrication jobs existed in the Mechanical Sub-Division, Hamirpur as pointed out by the Superintending Engineer (Mechanical) in January 1984. Rupees 0.11 lakh were spent on the purchase of accessories after its purchase. No action had been taken to declare the machine surplus and for its transfer to some other division.

(iii) A mobile workshop (lorry R-120 model with accessories) established in 1955 valued at Rs. 1.75 lakhs was lying un-used in the mechanical workshop under Rampur Division for the last several years. It was stated by the Executive Engineer in July 1986 that the workshop runs with petrol which is costly. No steps were taken (July 1986) either to put the workshop to use or for its disposal.

4.1.8. Transfer of machinery

During physical verification of mechanical section, Rampur Division, conducted in December 1985 by an Assistant Engineer, one air compressor and one dozer valued at Rs. 11 lakhs were found short. Details in regard to reconciliation/recovery were awaited (February 1987).

4.1.9. Workshops

The following deficiencies/irregularities in the functioning of the workshops came to notice during test check :—

(i) General

(1) Contrary to rules, bin cards were being issued by the Assistant Engineers instead of by the Divisional Engineers. Completed bin cards were not being returned to the Divisional Office for record/verification with priced stores ledgers. No job order registers showing *inter alia* dates of receipt of machinery/vehicles for repairs, dates of completion of repairs and return of the machinery to the owning unit alongwith the cost of the job carried out, etc., were maintained. Time cards showing the time put in by each worker on the jobs done were not maintained and labour charges were levied on *ad hoc* basis. History sheet registers showing the progressive expenditure incurred on the repairs of machinery/vehicles from time to time, entries of dismantled materials, etc., were not maintained.

(2) No uniform procedure for determining and charging the labour rates for repair jobs had been laid down. Although the rates of wages paid were uniform in all the divisions, the labour rates charged for mechanics, electricians, fitters and welders varied from Rs. 4.10—14.95; Rs. 4.50—12.50; Rs. 5.65—26.50 and Rs. 3.35—14.00 respectively during the years 1985 and 1986 in 14 workshops.

Similarly, the plant charges were levied on *ad hoc* basis by different workshops as no norms had been prescribed.

(3) Establishment charges were being levied at different rates in different workshops as no norms for this purpose had been fixed. Percentage of establishment charges levied in 3 workshops (Pooh, Reckong Peo and Karchham) varied from 15 to 50 per cent of labour and plant charges.

(4) Two dozers, 17 trucks, 16 jeeps, one tractor, two pick-up vans and three tippers were got repaired by the Executive Engineers, National Highway Divisions, Pandoh and Solan, Mechanical

Divisions, Kullu and Bilaspur, Buildings and Roads Divisions, Kullu-I, Rampur, Kalpa, Karchham and Nahan during 1982-83 to 1985-86 at a cost of Rs. 31.97 lakhs without sanction of estimates. In certain cases, the repair costs exceeded the cost price. In some cases, the machinery never worked/worked for short periods after repairs. Expenditure on repairs continued to be incurred in 7 cases on vehicles/machinery although these were recommended for condemnation one to four years back. No action had been taken to declare the machinery/vehicles beyond economical repairs and to get these condemned (July 1986). The department had not fixed life for the machines in their use.

(ii) *Delay in repairs*

(1) Machinery/vehicles remained under repairs in the workshops under Mechanical Divisions, Shimla, Kullu, Bilaspur, Dharamsala and Buildings and Roads Divisions, Kalpa, Karchham, Churah and Rampur for more than one month in 367 cases, for more than three months in 97 cases and for more than six months in 37 cases during 1983-84 to 1985-86.

(2) In 32 cases, machinery/vehicles were lying unrepaired in workshops for periods ranging from 1 to 40 months and in 5 cases machinery repaired 4 to 42 months back was not lifted by the owning divisions (June 1986). The inordinate delay in repairs was attributed to paucity of funds/spare parts by some Executive Engineers.

(iii) *Repairs of machinery/vehicles through private agencies*

Under the existing instructions, all repairs to machinery/vehicles are required to be got done through departmental workshops and the repairs through private agencies are permissible only when the Executive Engineer concerned certifies in writing that the departmental workshop is not in a position to carry out the requisite repairs. In spite of these instructions, repairs (including providing and fixing of spares but excluding machine jobs) aggregating Rs. 20.76 lakhs were got done by Executive Engineers. Kalpa, Karchham, Rampur, Kullu-II, Churah, Jubbal, Rohroo, Kumarsain, Mandi-II and Solan Divisions during 1983-84 to 1985-86 through private agencies (local and outside the State) without obtaining 'no objection' certificate from the respective mechanical workshops. Even the Executive Engineers, Mechanical Divisions, Shimla, Kullu and Bilaspur got the machinery/vehicles repaired (including providing and fixing of spares but excluding machine jobs) through private agencies during 1983-84 to 1985-86 to the extent of Rs. 10.03 lakhs.

(iv) *Repair on work order basis*

(1) During 1983-84 to 1985-86, repairs aggregating Rs. 4.85 lakhs were split up in 39 work orders by the Executive Engineers, Mechanical Divisions, Kullu, Bilaspur and Buildings and Roads Divisions, Rampur, Karchham, Rohroo and Solan who are competent to award work jobs upto Rs. 0.20 lakh each to avoid the sanction of the higher competent authority.

(2) One hundred twenty-eight work orders amounting to Rs. 8.25 lakhs were awarded after collecting spot quotations by Executive Engineers and 6 work orders (5 in 1984-85 and 1 in 1985-86) for Rs. 0.68 lakh were awarded by Executive Engineer, Kalpa but no notice inviting quotations/quotation was produced to Audit on the plea that these were not readily available.

(v) *Fabrication of bodies of jeeps*

Fabrication of bodies of jeeps through private parties is permissible only against a 'no objection' certificate from departmental workshop concerned and after obtaining prior approval of the Finance Department. In contravention of these orders, bodies of four jeeps were got fabricated from private parties outside the State between March 1985 and July 1985 by the Executive Engineers, Kullu-I and Karchham Divisions.

(vi) *Physical verification of central machinery*

Physical verification reports of central machinery for the years 1984-85 and 1985-86 required to be sent to MOT in May each year were not sent. It was stated by Engineer-in-Chief (August 1986) that the information was being collected from the field.

(vii) *Fabrication and launching of bridges*

Out of 8 bridges (four each) taken up for fabrication by Executive Engineers, Mechanical Divisions, Shimla and Kullu between January 1982 and April 1985, two bridges one each at Lari (District Kullu) and over the Shaloo river commenced in January 1982 and February 1983 were completed in November 1985 and May 1984 respectively. The fabrication of the remaining six bridges commenced between June 1984 and October 1985 on which a total expenditure of Rs. 15.97 lakhs had been incurred upto June 1986 was in progress. No time schedule/target was fixed by the department for the fabrication/launching of the bridges. In case of a bridge at Goshal, the Superintending Engineer (Mechanical) observed in February 1986

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that the bridge was to be completed during the working season positively. In the case of Nassang bridge progress was not satisfactory. The bridges were still lying incomplete (June 1986).

(viii) As required, the Executive Engineer should have over four to six sub-divisions under him. It was noticed that the Mechanical Division, Dharamsala had only two sub-divisions since its creation in 1972-73. The reasons for creating/continuance of the division below the norms were awaited (August 1986).

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(ix) *Consumption of oil and lubricants*

Oil and lubricants (POL) valued at Rs. 0.49 lakh indented (1985-86) from store and charged to repair and maintenance of the vehicles concerned for servicing/cleaning of machinery/vehicles in the Mechanical Workshop, Dharamsala were consumed but no record of the consumption of POL was maintained. No yard-stick has been fixed by the department in this regard.

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(x) *Priced stores ledgers*

According to the departmental rules, priced stores ledgers showing receipts, issues and balances of stores are required to be maintained and closed both for quantities and value at the end of each month in every division holding stores.

Test check of records of four mechanical divisions (Shimla, Bilaspur, Kullu and Dharamsala) revealed that the ledgers had not been closed from 1977-78 onwards without any recorded reasons.

(xi) *Stores holding*

The financial rules provide that the reserve stock should be maintained after a limit is fixed by Government. It was noticed that no reserve stock limit was fixed by the Government for the last six/seven years whereas the stock was held by all the mechanical divisions, as shown below:—

Division	Value of stock at the end of March 1986 (Rupees in lakhs)
1. Mechanical Shimla	48.75
2. Mechanical Kullu	36.49
3. Mechanical Bilaspur	25.20
4. Mechanical Dharamsala	16.06

(xii) *Outstanding dues of workshops*

The cost of services rendered or supplies made by one division to another is accounted for under a suspense head 'Cash Settlement Suspense Account' by the originating divisions pending settlement of the claims by the receiving divisions. The transactions of a month should be communicated by the originating division to the receiving division at the time of closing the account for the month and the latter division should, within ten days of receipt of the claim, settle it by issue of a cheque/demand draft. It was noticed that the balance under the head at the end of March 1986 of various mechanical divisions aggregated Rs. 210.39 lakhs. Specific reasons for delay in settling such accounts were not furnished although the outstanding claims related to the years 1972-73 onwards. Besides, a balance of Rs. 29.82 lakhs pertaining to the period from 1981-82 onwards had been pending settlement in Mechanical Sub-Division, Reckong Peo of Kalpa Division and Mechanical Division, Kullu but those amounts had not passed through the divisional accounts under 'Cash Settlement Suspense Account'. The accuracy of the outstanding balances could not be ascertained due to non-maintenance of proper records.

(xiii) *Non-preparation of working and detailed estimates*

(1) According to the financial rules, there must be an estimate of cost sanctioned by the competent authority for every job. Estimates for jobs exceeding Rs. 0.10 lakh each are required to be sanctioned by Superintending Engineer and for lesser amounts by Executive Engineer.

It was noticed that 1227 jobs valued at Rs. 27.70 lakhs (jobs exceeding Rs. 0.10 lakh : 30 and jobs less than Rs. 0.10 lakh : 1,197) had been executed without estimates sanctioned by the competent authority (July 1986).

(2) In 231 cases (machines: 212 and workshops: 19), estimates for annual maintenance and repairs of machinery/workshops and for special repairs of machinery/vehicles had not been sanctioned by the competent authority for the years 1983-84 to 1985-86. In Mechanical Divisions, Kullu and Bilaspur, the expenditure during 1984-85 and 1985-86 (upto June 1986) exceeded the sanctioned estimates by Rs. 47.82 lakhs (Kullu Division : Rs. 3.98 lakhs and Bilaspur Division : Rs. 43.84 lakhs) which remained to be regularised (July 1986).

(3) There was no uniform procedure for sanctioning the manufacture estimates technically for running and maintenance of machinery/workshops inasmuch as the estimates were sanctioned

for 'nil' amounts in Kalpa, Karchham and Pandoh Divisions whereas in others the estimates were sanctioned for operation charges likely to be incurred during the year.

(xiv) *Manufacture accounts*

Under the departmental rules, manufacture account is required to be maintained when materials are manufactured departmentally. The accounts are required to be closed periodically but at least once a year. The difference between the 'operation' and 'out turn' is required to be adjusted under the orders of competent authority before the manufacture accounts are closed. It was, however, noticed that the manufacture accounts in Mechanical Kullu, Kullu-I, II, National Highway, Pandoh, Mechanical Bilaspur, Rampur, Kalpa, Karchham, Mandi-I, II, Churah, Theog, Jubbal, Rohroo, Kumarsain, Solan and National Highway, Solan Divisions were not closed and debit balances which showed losses in running of workshops/machinery amounting to Rs. 385.74 lakhs remained (June 1986) to be adjusted at the end of March 1986. No action had been taken to investigate the losses in the running of machinery/workshops (July 1986).

No manufacture accounts of fabrication/launching jobs of bridges were maintained in Mechanical Divisions, Shimla and Kullu.]/

(xv) *Proforma accounts*

The annual proforma accounts of all the workshops (25) showing *inter-alia* capital, out turn and profit and loss required to be prepared under the rules had not been prepared since their formation (June-July 1986).

(xvi) *Miscellaneous works advances (MWA)*

The balances under MWA in four mechanical divisions (Shimla, Kullu, Bilaspur and Dharamsala) aggregated Rs. 41.39 lakhs at the end of March 1986. The items pertained to the years 1971-72 onwards and included advance payments made to suppliers for supply of materials, losses, retrenchments and errors against various officials. No adequate action had been taken to liquidate the old outstanding items (July 1986).

4.1.10. **Monitoring**

Working of the machinery, vehicles and workshops belonging to the Central/State Governments was never reviewed by the

department with a view to exercising proper control over their performance. The Engineer-in-Chief prescribed in March 1981 (for machinery) and in May 1983 (for workshops) submission of quarterly progress reports to the respective Superintending Engineers/Engineer-in-Chief. These reports were not submitted to the Engineer-in-Chief regularly/punctually. The Superintending Engineer, IInd Circle, Shimla sent the reports during the years 1982-83 to 1985-86 only twice in November 1983 and January 1985 pertaining to the quarters ending June 1983 and 1984 respectively. In other cases there was delay of over six months in the submission of such reports. The reports of Mechanical Divisions, Shimla, Mandi and Parchhu sub-division of Mechanical Division, Bilaspur were not furnished to Circle/Divisional offices since 1983-84 onwards even on being pointed out in audit. The Superintending Engineer (Mechanical Circle) directed the Executive Engineers in June 1986 to ensure prompt and punctual submission of returns in future.

Summing up

Although Rs. 1292.06 lakhs were spent on purchase and repairs, etc., of machinery and equipment and tools and plants during 1983-84 to 1985-86 against the budget allotment of Rs. 522.94 lakhs, no instructions laying down a system of materials management with regard to safety margins, re-ordering level, etc., were issued by the department.

Contrary to instructions, local purchases of mechanical stores were made much in excess of the prescribed annual limit. Periodical reports about purchases in excess of delegated powers have not been prescribed. In certain cases, purchases were made without calling quotations/tenders or by collecting quotations personally. Large quantity of spare parts of machinery was surplus to requirements.

Serviceable stores and un-serviceable material were not accounted for in the records and shortages of stores and machinery were noticed.

Obsolete stores and un-serviceable spare parts were awaiting disposal. Non/under-utilisation of costly machinery was noticed.

In the case of workshops, labour rates for charging repair jobs were not determined on uniform basis and plant and establishment charges were levied on *ad-hoc* basis. Time involved in repairs ranged between one month to six months. Repairs of machinery/vehicles were carried out through private agencies. Fabrication of

six bridges, commenced between January 1982 and April 1985, was still in progress (June 1986). No yardstick had been fixed by the department for the consumption of oil and lubricants for repairs and POL was shown as consumed without any authenticated records. Jobs valued at Rs. 27.70 lakhs were executed without sanctioned estimates and in some cases excess over sanctioned estimates was noticed.

Accounts records were not maintained according to the prescribed procedure. Priced stores ledgers were in arrears since 1977-78, bin cards were being issued by Assistant Engineers and completed ones were not sent to the divisions. Reserve stock limit was not fixed in some cases. An amount of Rs. 210.39 lakhs was recoverable on account of supplies made or services rendered. Manufacture accounts were not closed and losses amounting to Rs. 385.74 lakhs were awaiting adjustment. Outstandings under 'miscellaneous works advances' amounted to Rs. 41.39 lakhs.

One mechanical division was having control over two sub-divisions only against the prescribed norms of four to six sub-divisions.

Working of machinery, vehicles and workshops was not monitored with a view to exercising proper control over their performance as feedback from field offices was not being received in time.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

4.2. Construction of bridge over Swan Nadi at Santokhgarh

The construction of a bridge over Swan Nadi at Santokhgarh with overall waterway of 418.80 metres was administratively approved in February 1975 at a cost of Rs. 79.43 lakhs after the model studies about siting of bridge and its training works were conducted by the Irrigation and Power Research Institute, Amritsar. During August 1975, there was an abnormal rainfall in the region and a fresh model study was got conducted (January 1978) for which an amount of Rs. 0.16 lakh was paid to the Institute. The study recommended the overall waterway of 502.80 metres instead of 418.80 metres as proposed by the department. In the meantime, the work was awarded (February 1977) to a contractor with an overall waterway of 418.80 metres. The Chief Engineer decided in January 1978 that the waterway of 418.80 metres was sufficient and the bridge was got completed (March 1983) in contravention of the recommendations of the said Institute at a cost of Rs. 245.26 lakhs. In protection works, even though guide bunds were provided as per recommendations of the Institute yet instead of closure bund to plug the

right side cracks recommended by the said Institute, three numbers deflecting spurs alongwith a marginal bund to key the spurs were constructed by the department as they were considered economical.

It was, however, noticed in audit in January 1986 that during rains of July/August 1985 water entered from the portion between nose of the marginal bund and right bank and damaged the right side approach. A request was made (November 1985) to the above referred Institute to suggest measures to avoid the damages in future but without waiting for their expert advice, the work of restoration of damages was started during October 1985 after getting the estimates sanctioned from the Superintending Engineer, 8th Circle, Himachal Pradesh Public Works Department, Hamirpur and an expenditure of Rs. 11.37 lakhs had been incurred upto May 1986.

Since the overall waterway and the protective measures recommended by the Institute had not been followed, the alternative works got done by the department were damaged within 2½ years of construction and the bridge was rendered un-serviceable. After providing temporary diversion, the traffic was resumed and an avoidable expenditure of Rs. 25.41 lakhs was estimated to be incurred for the restoration of damages.

The matter was referred to Government in July 1986; reply is awaited (February 1987).

4.3. Foot bridge over Ratti Khad

Construction of 60 metres effective span suspension foot bridge at Perri Pasta over Ratti *khad* was administratively approved in January 1980 for Rs. 3.09 lakhs with a period of completion of two years. The execution of the bridge was commenced by Buildings and Roads Division, Sundernagar in January 1980 and after incurring an expenditure of Rs. 3.04 lakhs till September 1985 only sub-structure work of construction of abutments and anchorage block could be completed. The detailed estimate for Rs. 4.27 lakhs submitted by the division in August 1984, has not yet been sanctioned (June 1986).

It was noticed in December 1985 that (i) the work of anchorage block allotted to a contractor in November 1981 at a cost of Rs. 0.41 lakh with a period of completion of 4 months was rescinded only in August 1984 for his failure to complete the work after recovery of Rs. 0.10 lakh on account of 10 per cent compensation for delay in completion of work and forfeiture of security deposit,

(ii) against the available budget provision of Rs. 4.54 lakhs during 1979-80 to 1985-86, an expenditure of Rs. 3.04 lakhs only had been incurred and funds aggregating Rs. 1.50 lakhs were diverted to other works and (iii) steel valued at Rs. 0.52 lakh booked to the work in November 1982 had not yet been utilised. Thus, due to delay in completion of sub-structure, the bridge could not be completed as yet (December 1985) and expenditure of Rs. 3.04 lakhs incurred has not served the desired purpose.

The Executive Engineer, Mandi Division No. 11 to whom the work was transferred in April 1985, however, stated in October 1985 that the site of work being not approachable by motor vehicle, no work could be executed during 1979-80 and 1980-81 and the tenders for super structure were under scrutiny.

The matter was referred to Government in July 1986; reply is awaited (February 1987).

4.4. Infuctuous expenditure on execution of an approach road

Construction of deck type steel truss bridge over the river Giri on Shallinda-Piran road was administratively approved by Government in June 1977 for Rs. 6.20 lakhs which included provision of Rs. 3.50 lakhs for construction of 3.50 kms long approach road for the bridge. The execution of the approach road was taken up by Theog Division in March 1977 without obtaining technical sanction which was still to be accorded (December 1986). Further work was executed by Shimla Division No. 1 from March 1980 to June 1982 and then transferred to Rajgarh Division in July 1982.

It was noticed in audit in November 1985 that an expenditure of Rs. 2.54 lakhs had been incurred on construction of 1.480 kms approach road till March 1983. The Engineer-in-Chief, during an inspection observed (April 1984) that the approach road had a very steep gradient which the vehicles would not be able to negotiate. A new alignment was, therefore, proposed in June 1985 by the Executive Engineer, Rajgarh Division which does not include 1.165 kms of the approach road already constructed at a cost of Rs. 2 lakhs. Pending finalisation of new alignment, the execution of work stands suspended since April 1984. Evidently, the work was undertaken in haste without inspection and approval of alignment rendering expenditure of Rs. 2 lakhs incurred on construction of 1.165 kms approach road infructuous.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

4.5. Excess consumption of fuelwood

According to the norms fixed by the department in December 1980, twelve quintals/one quintal of hard fuelwood is required for heating one tonne of bitumen and one cubic metre of sand/grit respectively for altitudes ranging between 1,000 to 1,500 metres. Besides this, 20 per cent extra quantity is also permissible for winter season.

A test check of the accounts of Kullu-I, II and Chamba Divisions in December 1985 and February 1986 revealed that during May 1982 to October 1985, the aggregate consumption of fuelwood for heating 337 tonnes (2,160 drums) of bitumen and 3,219 cubic metres of sand/grit for tarring works of roads was 10,758 quintals against the permissible requirement of 8,016 quintals (including 753 quintals for winter season) on the basis of above norms. The excess consumption of 2,742 quintals of fuelwood involving an additional expenditure of Rs. 1.51 lakhs had not yet (June 1986) been investigated by the department.

The matter was referred to Government in June 1986; reply is awaited (February 1987).

4.6. Un-economical purchase of fuelwood

According to the instructions issued by the Engineer-in-Chief in December 1980, the public works divisions were to purchase fuelwood by weight as the norms of consumption had been prescribed in weight only. It was, however, noticed in September 1985 that contrary to these instructions, 945 cubic metres fuelwood valued at Rs. 1.32 lakhs purchased by volume by Jassur Division from the Himachal Pradesh Forest Corporation (Corporation) during May 1984 and June 1985 was converted into 2,283 quintals at the rate of 2.4 quintals per cubic metre instead of 3,780 quintals at the rate of 4 quintals per cubic metre as laid down in Punjab Public Works Department Specification Book, 1963 applicable to Himachal Pradesh Public Works Department. This resulted in an excess payment of Rs. 0.52 lakh on account of short receipt of 1,497 quintals fuelwood at the rate of Rs. 35 per quintal from the said Corporation. The Superintending Engineer, 9th Circle, Nurpur, however, stated in February 1986 that the purchase was made as per instructions of the Controller of Stores issued in October 1984. No deduction on account of voids was allowed by the Corporation and the conversion from cubic metres to quintals was made by actual weighing. The Corporation agreed in November

1985 to supply the fuelwood by weight instead of by volume in future. No action had, however, been taken to recover Rs. 0.52 lakh from the Forest Corporation on account of voids/short receipt of fuelwood as yet (June 1986).

Similarly, in Baijnath Division, 1,700 cubic metres of fuelwood valued at Rs. 2.38 lakhs purchased during April-June 1985 at the rate of Rs. 140 per cubic metre from the Corporation was converted into 4,080 quintals at the rate of 2.40 quintals per cubic metre and an expenditure of Rs. 1.22 lakhs was incurred on its transportation through a contractor in June 1985. Total expenditure incurred thus amounted to Rs. 3.60 lakhs for 4,080 quintals and the cost per quintal worked out to Rs. 88. It was, however, noticed in December 1985 that 200 quintals of fuelwood was purchased from a contractor at the rate of Rs. 65 per quintal FOR destination in May 1985 by the division at a cost of Rs. 0.13 lakh. Thus, on the purchase of 4,080 quintals of fuelwood from the Corporation an avoidable expenditure of Rs. 0.94 lakh was incurred.

The matter was referred to Government in July 1986; reply is awaited (February 1987).

4.7. Construction of bridge over the Uhl river

Construction of a ropeway bridge over the Uhl river near village Tuin was administratively approved by Government in June 1981 for Rs. 3.91 lakhs. The construction of the bridge with sub-structure of motorable standard and steel truss super-structure for pedestrian purpose was started in March 1982 by Mandi Division No. I without obtaining revised administrative approval from Government. The work was completed during March 1983 at a cost of Rs. 1.76 lakhs.

It was, however, noticed in audit in December 1985 that Ghatasani-Tikram-Kamand-Kataula-Bajoura road on which the above bridge falls was declared a State Highway by the State Government in November 1981. As construction of a pedestrian bridge on a State Highway was inconceivable, case for the conversion of this pedestrian bridge to motorable standard was initiated and was under process in the Divisional Office in December 1985. Thus, the department incurred an avoidable expenditure of Rs. 0.65 lakh on construction of super-structure of this bridge for pedestrian purpose.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

4.8. Non-levy of compensation and avoidable payment of escalation charges

The work of strengthening of road crust of Chandigarh-Mandi-Manali National Highway No. 21 was awarded (September 1981) to a firm on item rate basis for Rs. 12.70 lakhs to be completed by September 1983. The agreement provided that in case of non-completion of the work within the stipulated period, 10 per cent of the amount put to tender would be leviable as compensation. The work was actually completed during April 1985 and the firm was paid a gross amount of Rs. 85.87 lakhs including Rs. 3.81 lakhs (Rs. 2.19 lakhs upto the stipulated period of completion and Rs. 1.62 lakhs thereafter) on account of escalation charges.

It was, however, noticed in December 1985 that although delay in completion of work was attributed to the firm, the extension in the period of completion of contract upto 30th April 1984 was granted by the Executive Engineer in August 1984 resulting in payment of escalation charges of Rs. 1.62 lakhs during the extended period of contract besides non-levy of compensation of Rs. 7.27 lakhs.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

4.9. Splitting up of works

With a view to deriving the maximum benefit from competitive rates, rules require that in giving out works on contract, tenders should invariably be invited in the most open and public manner possible. Orders of the Engineer-in-Chief issued in March 1984, however, empowered the Executive Engineers to issue work orders without calling open tenders upto Rs. 0.20 lakh provided *inter-alia* that working estimates are approved by the Superintending Engineer/Chief Engineer and no contractor should have more than two work orders at any given time.

It was, however, noticed during test check of accounts of 9 divisions conducted during May 1985 to April 1986 that 69 works were split up by the Executive Engineers concerned and awarded to contractors on 326 work orders aggregating Rs. 52.16 lakhs during 1984-85 and 1985-86 without approval of the working estimates. Besides, 19 contractors were allotted work even though they had more than 2 work orders at the time of such allotment.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

4.10. Incomplete works

Development schemes are administratively approved by Government keeping in view their urgency and importance.

A test check during January 1985 to December 1985 of the accounts of ten Buildings and Roads Divisions revealed that ten non-residential buildings and one residential building (estimated cost : Rs. 21.63 lakhs) and 13 roads (estimated cost : Rs. 73.48 lakhs) scheduled to be completed within a period ranging from six months to four years of the date(s) of commencement and taken up for execution between 1976 and 1982 were lying incomplete.

The construction of *patwarkhana* building (estimated cost : Rs. 0.77 lakh) at Thill commenced in October 1980 has been held up since December 1981 after completing it upto door level at a cost of Rs. 0.63 lakh. Similarly, construction of additional accommodation to Government High School, Garh-Jamula (estimated cost : Rs. 1.82 lakhs) commenced in March 1980 has also been held up since May 1981 after incurring an expenditure of Rs. 0.71 lakh on its construction upto roof level. The delay in completion of the buildings was attributed to paucity of funds.

Similarly, Kararaghat-Ghanagughat-Arki road undertaken for construction during 1978-79 has been held up since August 1981 after incurring an expenditure of Rs. 1.31 lakhs due to non-acquisition of land and non-finalisation of its alignment. The construction of Bandi Bir-Diml-Kupvi Mandir road commenced in July 1976 is held up since March 1978 after incurring an expenditure of Rs. 1.47 lakhs. Further execution of the road was not considered economical by the department due to hard strata.

Evidently, after sanction neither urgency nor importance of the works had been kept in view. Accordingly, the intended benefit could not be derived though an expenditure of Rs. 17.27 lakhs had been incurred on these works upto 1985-86.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

4.11. Awah Devi-Chamboh road

The construction of 5/7 metre wide link road from Awah Devi to Chamboh (3 kms in length) was commenced by Barsar Division

departmentally during July 1979 in anticipation of administrative approval which was accorded in November 1981 for Rs. 4.09 lakhs by the Chief Engineer with stipulated period of completion of two years. The detailed estimate had not been technically sanctioned so far (January 1986).

It was, however, noticed in audit in January 1986 that the private land falling in the alignment of the road had not been acquired before undertaking construction and after incurring an expenditure of Rs. 0.83 lakh upto March 1982 on 1.32 kms of road cutting, the work had to be abandoned as the owners of land objected to construction of the road on their agricultural land. Besides, during 1979-80 and 1980-81 no budget provision existed and an expenditure of Rs. 0.59 lakh was incurred by the division from other works whereas out of the budget provision of Rs. 1.55 lakhs made in 1981-82 to 1985-86, only Rs. 0.24 lakh was utilised and an amount of Rs. 1.31 lakhs was diverted to other works.

While confirming the above position, the Government stated (January 1987) that the construction of this road would be restarted after land acquisition proceedings are finalised for which action had been initiated.

4.12. Defective construction of bridge

In order to make Alampur-Harsipattan road all weather road construction of a vented causeway over Mandh *khad* having 19 spans of 5.76 metres each at Km 8/0 was administratively approved in December 1974 for Rs. 6.60 lakhs (revised to Rs. 30.37 lakhs in December 1984) with period of completion of two years. The work commenced in February 1979 was completed in August 1982 at a cost of Rs. 11.11 lakhs and opened to vehicular traffic in the same month. Detailed estimate of the work had not been sanctioned so far (June 1986).

It was noticed in audit in January 1984 that the Executive Engineer, Palampur Division, reported (September 1981) to the Superintending Engineer that due to heavy flood in August 1981 the apron towards Alampur side on 4 spans was washed away and scouring was noticed below the floor. No remedial measures were, however, taken. Further, the Superintending Engineer reported to the Chief Engineer in August 1982 that due to very heavy and unprecedented floods in the *khad* on 15th and 16th August 1982 pier Nos. 10 and 11 were washed away, span Nos. 10, 11 and 12 fell on the ground, guide bund on upstream and approach were completely washed away and 60 metres additional crack was created due to choking and blocking of the waterway of the bridge by floating trees.

The detailed investigations carried out by the department in March 1983, however, revealed that the damages occurred due to construction of lesser span at site than required. Evidently, the bridge collapsed due to construction of lesser span and non-adoption of remedial measures soon after the damages occurred in August 1981 rains. This resulted in an avoidable expenditure of Rs. 3.55 lakhs on restoration of rain damages during 1982-83, Rs. 6.36 lakhs on guide bunds and protection works besides Rs. 12.66 lakhs proposed to be incurred on extension of bridge by another 60 metres.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

IRRIGATION AND PUBLIC HEALTH DEPARTMENT

4.13. Incomplete works

A test check conducted during 1984 to May 1985 of the accounts of Irrigation and Public Health Division, Shimla, revealed that two works (estimated cost : Rs. 4.25 lakhs) taken up for execution between March 1981 and January 1983 and scheduled to be completed within a period of one year to two years from the date of commencement were still lying incomplete for the reasons indicated below :—

Name of the work	Estimated cost	Stipulated period of completion	Month/year of commencement of work	Expenditure	(Rupees in lakhs)	Remarks
Water Supply Scheme, Jhandi (District Shimla)	1.41	One year	January 1983	1.68	The work, except the intake-tank was completed in October 1984. The intake water tank (cost : Rs. 0.03 lakh) constructed was destroyed by the public due to dispute on source, for which a case was pending in the court of law. The Divisional Officer stated in June 1985 that an undertaking had been obtained from the President, Gram Panchayat before framing the estimates, but the dispute arose after execution of the scheme.	
Lift Irrigation Scheme. Ogli	2.84	Two years	March 1981	2.00		

As a result Rs. 3.68 lakhs spent on these works remained unfruitful.

The matter was referred to Government in June 1986; reply is awaited (February 1987).

4.14. Lift water supply scheme, Kundlu

Lift water supply scheme for village Kundlu and its adjoining villages in Tehsil Nalagarh (District Solan) was administratively approved in August 1978 at a cost of Rs. 1.55 lakhs by the Chief Engineer, Irrigation and Public Health (IPH), Shimla. The work on this scheme was started by Irrigation and Public Health Division No. I, Solan in December 1978 and the scheme was commissioned during September 1980 after incurring an expenditure of Rs. 2.34 lakhs. Technical sanction for construction of rising main and installation of pumping sets at a cost of Rs. 0.43 lakh was accorded but sanction for the remaining items comprising pump house, distribution system, etc., was still to be obtained (July 1986).

It was, however, noticed in audit (February 1986) that even though the scheme was commissioned with the standby diesel engine in September 1980, a sum of Rs. 0.63 lakh for supply of electric connection was deposited by the Divisional Officer with the Himachal Pradesh State Electricity Board (Board) only in March 1983 after a lapse of three years. The Board, however, pointed out in June 1985 that the scheme could not be energised as it had not been included in the list of targeted schemes supplied by Irrigation and Public Health Department. Although needful was done by the Department in April 1986 the electric connection was yet to be given. Consequently, the scheme remained to be energised (July 1986). The estimated cost of working of diesel engine is 88 per cent more than that of an electric motor. Had the scheme been got energised before commissioning in September 1980 an expenditure of Rs. 0.66 lakh could have been avoided of the total expenditure of Rs. 1.42 lakhs incurred on the operation and maintenance of the scheme during 1980 to January 1986.

The matter was referred to Government in June 1986; reply is awaited (February 1987).

4.15. Lift irrigation scheme, Sallana

Designed to provide irrigation facilities to culturable command area of 510 acres, lift irrigation scheme, Sallana (Sirmaur district) was administratively approved in January 1980 for Rs. 8.95 lakhs

with a period of completion of three years. The work was started in June 1980 by Irrigation and Public Health (IPH) Division, Solan without technical sanction and was subsequently transferred to IPH Division, Nahan in December 1982. An expenditure of Rs. 7.28 lakhs was incurred for the purchase of pumping machinery (Rs. 4.35 lakhs), collection of material (Rs. 1.52 lakhs) and construction of civil works (Rs. 1.41 lakhs) for the scheme during 1980-81 to 1982-83 by Solan Division.

It was, however, noticed in audit in December 1985 that since the transfer of the scheme to IPH Division, Nahan in June 1982, no further progress had been made. The Divisional Officer reported to the Superintending Engineer in August 1985 that the work on the scheme was stopped as it was found uneconomical due to higher cost on its construction. Machinery and stores valued at Rs. 1.03 lakhs were transferred to other works during 1983-84 and machinery and stores valued at Rs. 3.32 lakhs and Rs. 1.52 lakhs respectively purchased by the division during 1981-82 remain to be disposed of (December 1985). Machinery valued at Rs. 3.30 lakhs declared surplus only in December 1983 is still (October 1986) to be transferred to some other divisions. Expenditure of Rs. 1.41 lakhs incurred on the construction of civil works such as pump house, sump well, feeder channels, trenching works, rising mains and cartage of material to the site of work has proved unfruitful and culturable command area has remained without the proposed is awaited (February 1987).

The matter was referred to Government in August 1986; reply is awaited (February 1987).

4.16. Irrigation scheme without public demand

Lift irrigation scheme, Rajnagar in Chamba district, designed to irrigate culturable command area of 252 acres was administratively approved in March 1979 for Rs. 6.25 lakhs. The scheme scheduled to be completed in two years, was taken up for execution by Irrigation and Public Health Division, Chamba in 1979 and was stated to have been commissioned in November 1984 after incurring an expenditure of Rs. 13.20 lakhs upto January 1986. The distribution lines were laid in culturable command area of 225 acres before commissioning and laying of distribution lines in the remaining 27 acres was in progress (February 1986). It was, however, noticed in February 1986 from the log book and demand registers of *abiana* charges that no pumping of water was done since the commissioning of the scheme in November 1984 as there was no demand for water

from the people of the area. The expenditure on maintenance of the pump including pay of the daily waged pump operator and chowkidar for the period from November 1984 to March 1985 amounted to Rs. 0.31 lakh (approximately). Evidently, the scheme was not properly conceived and has resulted in wasteful expenditure of Rs. 13.20 lakhs besides the recurring expenditure on maintenance staff.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

4.17. Execution of sub-standard works

Water supply schemes, Sadhanaghat and Bari Bhun were administratively approved with provision of galvanised iron pipes in September 1979 and July 1984 for Rs. 8.18 lakhs and Rs. 0.96 lakh respectively. Though the galvanised iron pipes were available with the division, the work was executed at a cost of Rs. 13.38 lakhs and Rs. 0.86 lakh respectively, with high density polythene pipes and commissioned in December 1982 and July 1984. The people covered by the scheme represented in October 1985 that they were not getting regular water supply as the polythene pipes laid had been damaged.

It was noticed in audit in January 1986 that as against the provision of galvanised iron pipes in the estimates of these schemes and their availability with the division/department, the Executive Engineer decided to use high density polythene pipes in these schemes without assigning any reasons and examining the suitability in the area. The decision of the department to use polythene pipes in place of galvanised iron pipes rendered the execution of the schemes sub-standard resulting in their improper functioning. The expenditure of Rs. 14.24 lakhs incurred on the execution of these schemes is thus not serving the desired purpose.

The Executive Engineer reported in November 1985 that the existing pipe line had been totally damaged by rats and a special repairs estimate of Rs. 2.07 lakhs with a provision of galvanised iron pipes for both the schemes prepared in October 1985 by the division awaited approval (December 1985).

The matter was referred to Government in July 1986; reply is awaited (February 1987).

4.18. Defective execution of work

Designed to provide irrigation facilities to a culturable command area of 175 acres, lift irrigation scheme, Shakra in Tehsil Karsog,

District Mandi was administratively approved for Rs. 6.95 lakhs in August 1976 and was completed by the then Irrigation-cum-Flood Control Division, Shimla during 1981 at a cost of Rs. 6.42 lakhs. The scheme is now being maintained by Irrigation and Public Health Division No. II, Shimla and an expenditure of Rs. 1.29 lakhs had been incurred on its maintenance during 1983-84 to 1985-86.

It was noticed in audit (November 1985) that against an estimated area of 175 acres, the area actually irrigated during 1981 to 1985 ranged between 1 acre to 12 acres only and all the three pumps of the scheme had stopped working in June 1985. The Superintending Engineer reported to the Chief Engineer in June 1985 that :—

- (i) the transformer installed by the State Electricity Board was not supplying proper voltage for running two motors at a time for operating the pumps as a result only one pump had been working;
- (ii) there was considerable loss of water due to *kacha* field channels; and
- (iii) the water could not be supplied to the entire area in the absence of proper field channels.

Evidently, the execution of the scheme was defective and the expenditure of Rs. 6.42 lakhs incurred on the scheme did not serve the intended purpose.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

4.19. Lift irrigation scheme, Karian Mugla

The work of lift irrigation scheme, Karian Mugla (District Chamba), stipulated to be completed within two years, was administratively approved in March 1980 for Rs. 3.74 lakhs for providing irrigation facilities to culturable command area of 104 acres by lifting 0.70 cusecs of water from the river Ravi. The scheme *inter-alia* included a provision of Rs. 0.43 lakh for the construction of pump-house-cum-chowkidar quarter. The execution of the scheme was started in March 1980 on a site selected by the Assistant Engineer incharge and a total expenditure of Rs. 4.81 lakhs was incurred during 1979-80 to 1985-86 on construction of pump-house-cum-chowkidar quarter upto roof level. The Divisional Officer on inspection of the work during July 1985 reported that the pump house building had

been constructed at a wrong site and that the level of the pump house being higher than the level of sump well, it was not possible to divert and pump the water by the pump installed in the building.

Accordingly, he proposed construction of a new pump house either just above the sumpwell or by abutting the sump well. Due to wrong selection of site for the pump house, the purpose of spending Rs. 4.81 lakhs could not be achieved. Further, there was a delay in selection of new site and as a result only Rs. 1.16 lakhs out of a budget provision of Rs. 3 lakhs could be utilised (February 1986). No responsibility for wrong selection of site had been fixed so far (October 1986).

The matter was referred to the Chief Engineer, Irrigation and Public Health during March 1986; and to Government in August 1986; reply is awaited (February 1987).

4.20. Avoidable expenditure

Keeping in view the requirements of various schemes during 1984-85, the Executive Engineers, Jubbal, Bilaspur, Chamba, Hamirpur and Nerwa Divisions sent the requirements of light grade galvanised iron pipes of their divisions to the Superintending Engineers (SEs) and the SEs in turn reported these requirements to the Chief Engineer during 1984-85.

The Chief Engineer, however, placed orders for the various sizes of medium grade galvanised iron pipes which were costlier as compared to the light grade galvanised iron pipes provided for in the estimates of the various schemes and required by these divisions during 1984-85.

Since the supply orders/purchases had not been made keeping their requirements in view, the divisions had no alternative but to accept the above medium grade galvanised iron pipes and use them on the various works. This resulted in an avoidable expenditure of Rs. 13.19 lakhs during 1984-85.

The matter was referred to Government in July 1986; reply is awaited (February 1987).

4.21. Improper functioning of water supply schemes

Two water supply schemes constructed at a cost of Rs. 4.24 lakhs did not serve the intended purpose. Details are given below:—

(A) Water supply scheme for problem villages Talon and Serta

This scheme was administratively approved for Rs. 1.51 lakhs in March 1984 and commissioned in December 1984 at a cost of Rs. 1.46

lakhs. In Part-I of the scheme, village Talon was covered by tapping a spring source and in Part-II of the scheme, village Serta and other villages were covered by tapping *nallah* source by constructing two filter tanks and two storage tanks.

It was noticed in audit in January 1986 that irregular and unfiltered water was being supplied directly from the source to the villages covered in Part-II of the scheme as the two filter tanks and one storage tank had been constructed at an altitude lower than the villages to be served by the scheme as the local population had not allowed to lay the pipe line as provided in the estimates. The Assistant Engineer incharge of the scheme while confirming this also stated that the high density polythene pipes laid in place of galvanised iron pipes had also been damaged at many places.

Thus the scheme envisaged was defective and an expenditure of Rs. 1.46 lakhs incurred thereon did not serve the intended purpose.

(B) Water supply scheme for village Balagad

This scheme was administratively approved in February 1982 for Rs. 3.50 lakhs and commissioned in December 1983 at a cost of Rs. 2.78 lakhs. The detailed estimate of the scheme had not been technically sanctioned (August 1985).

Test check of records of Irrigation and Public Health Division, Kullu, conducted during August 1985, revealed that the scheme did not function since its commissioning (December 1983) as the high density polythene pipes laid during execution without examining suitability to the area developed vertical cracks and were damaged by the people. The provision of galvanised iron pipes in the estimate was changed with high density polythene pipes by the Chief Engineer in February 1982. The Divisional Officer reported to the Superintending Engineer in May 1985 that the pipe line was being damaged by the villagers and bad elements which resulted in non-supply of water to the beneficiaries and proposed replacement of high density polythene pipes with galvanised iron pipes at a cost of Rs. 3.48 lakhs. This would result in infructuous expenditure of Rs. 0.87 lakh on high density polythene pipes already laid (cost of pipes: Rs. 0.44 lakh; laying charges: Rs. 0.43 lakh).

These cases were referred to Government in July and August 1986; reply is awaited (February 1987).

4.22. Water supply scheme, Batar Galu and group of villages

The water supply schemes constructed by the department have to take into account the growth of population and water requirement of next 15 years.

Water supply scheme for Batar Galu and group of villages in Gram Panchayat Barthata, Tehsil Jubbal (District Shimla), administratively approved (November 1983) by Government for Rs. 3.03 lakhs and designed to provide drinking water to 989 persons, was commissioned by Irrigation and Public Health Division, Jubbal in September 1984 at a cost of Rs. 2.79 lakhs. It was noticed in audit in April 1985 that the scheme had not been providing full water requirements of even the existing population of 715 since its commissioning as only two water sources could be exploited against three provided for in the estimate of the scheme. After one month of its commissioning, no water could be supplied as the two sources dried up in October 1984. The Chief Engineer, however, stated in January 1986 that (i) the department had no data about the location and quantum of the existing water sources in the area and it had to depend on the discharge measured at the time of investigation; (ii) the third source could not be connected as the villagers having local rights over the source raised dispute and their rights were not known at the time of investigation; (iii) the sources dried up during drought and during rainy season the water was supplied to the beneficiaries; and (iv) the augmentation of the scheme to meet with the requirements of the people was yet to be taken up.

Evidently, the scheme designed to serve the water requirements for the next 15 years could not function properly since its commissioning and due to non-conduct of detailed investigations of the water sources, the expenditure of Rs. 2.79 lakhs incurred on the scheme could not serve the intended purpose.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

4.23. Faulty execution of work

Designed to provide irrigation facilities to a culturable command area of 97 acres, sprinkler irrigation scheme for village Garola in Tehsil Bharmour (Chamba district) was administratively approved in August 1981 for Rs. 3.88 lakhs. Subsequently, the scope of the scheme was enlarged by an additional area of 56 acres and revised estimate for Rs. 8.42 lakhs submitted by the division in April 1982 has not yet been sanctioned (February 1986). The detailed estimate of the scheme has also not yet been prepared (February 1986) for obtaining technical sanction. The execution of the scheme was commenced by Irrigation and Public Health Division, Chamba in December 1981. Although an expenditure of Rs. 7.52 lakhs had been incurred upto December 1985 the construction of civil works and installation of sprinkler set purchased in July 1981 at a cost of Rs. 0.79 lakh had not been completed.

It was noticed in February 1986 that galvanised iron pipes as provided in the estimate had not been used and instead 2910 running metres high density polythene pipes were used in the main pipe line of the scheme without examining its suitability to hilly area. In the distribution line, instead of aluminium pipe, galvanised iron pipes were used. It was reported to the Executive Engineer by Assistant Engineer, Bharmour sub-division in March 1985 that the polythene pipe line was damaged to the extent of hundred per cent due to snowfall in winter season and no water could be supplied for irrigation. Accordingly, a special repairs estimate for replacement of high density polythene pipes with galvanised iron pipes at a cost of Rs. 5.57 lakhs was submitted by the division to the Superintending Engineer in May 1985. The Superintending Engineer returned the estimate in July 1985 with the observations that had the high density polythene pipes been properly embedded, the damage caused by snow could have been avoided and that a detailed report indicating reasons for damage be submitted after investigation. The observations of the Superintending Engineer are yet to be attended to by the division (February 1986).

Evidently, the estimate of Rs. 3.88 lakhs submitted to Government for obtaining administrative approval was unrealistic and the scheme failed due to its faulty execution by the department and the purpose of spending Rs. 7.52 lakhs on its execution including Rs. 0.82 lakh on its repairs and maintenance could not be achieved. Besides, a loss of Rs. 1 lakh would be incurred on replacement of high density polythene pipes by galvanised iron pipes.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

4.24. Purchase of pumping sets

A set of two water pumps each for the lift water supply schemes Chhatter Bhardwar and Sari, Sanour and Kapahi was purchased by the Executive Engineer, Irrigation and Public Health Division, Sundernagar from a firm of Patiala at a cost of Rs. 1.61 lakhs in March 1984 and March 1985. An amount of Rs. 1.44 lakhs was paid to the firm.

It was, however, noticed in audit (March 1986) that out of the two pumps installed in May and November 1984 in lift water supply scheme, Chhatter Bhardwar, one pump could not lift water whereas the other pump lifted very little water. The other two pumps received against lift water supply scheme, Sari, Sanour and Kapahi could not be installed as these were not of the desired specification.

Evidently, the pumps were purchased without taking into account the requirements of the two schemes. Accordingly, the two pumps meant for Sari, Sanour and Kapahi scheme had to be transferred and installed in February 1986 on Chhatter Bhardwar scheme. One pumping set of Chhatter Bhardwar scheme was transferred to another scheme and the second pumping set valued at Rs. 0.28 lakh was still lying unutilised (March 1986).

Thus four pumping sets could not be used for the intended purpose as these were not of the desired specifications of the schemes. The Superintending Engineer asked the Executive Engineer in October 1985 to call for explanation of the defaulting engineer but results of investigation were not made available to Audit (May 1986).

The matter was referred to Government in June 1986; reply is awaited (February 1987).

4.25. Uneconomical pumping operations

The pumping operations of the water supply scheme, Shimla upto reservoir point were taken over by the department in October 1983 and entrusted to the newly created Public Health Division, Shimla. The Municipal Corporation, Shimla was to be charged at the rate of Rs. 2 per 1,000 gallons of water supplied.

It was, however, noticed in audit in May 1985 that during the period from October 1983 to April 1985 direct expenses aggregating Rs. 139.05 lakhs on account of electricity charges were incurred on pumping of 29,62,202 thousand gallons of water supplied to the Municipal Corporation, Shimla (in addition to other indirect expenses) whereas bills amounting to Rs. 59.24 lakhs only were raised against the Municipal Corporation, Shimla.

The Corporation, however, paid Rs. 12 lakhs only pertaining to 1983-84 in 1984-85. Thus the direct expenses incurred for 1,000 gallons worked out to Rs. 4.70 as against Rs. 2 chargeable from Municipal Corporation, Shimla and the loss for the period from October 1983 to April 1985 worked out to Rs. 79.81 lakhs on this account.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

CHAPTER—V

STORES AND STOCK

PUBLIC WORKS DEPARTMENT

5.1. Uneconomical purchase of material

According to instructions issued by the State Government in August 1979 the indenting officers are required to place direct orders of purchase with Government undertakings in respect of items which are manufactured by them.

A test check (November 1985-March 1986) of the accounts of Shimla Division Nos. I and III revealed that corrugated galvanised iron sheets (89 tonnes) and tor steel (45 tonnes) valued at Rs. 16.50 lakhs which were not the items manufactured by the Himachal Pradesh Agro-Industries Corporation were purchased during March 1985 from the Corporation in contravention of the State Government orders. Had the divisions purchased these items from the **Steel Authority of India limited at their prescribed rates** (at which Shimla Division No. II had purchased these items during March-June 1985), an expenditure of Rs. 3.22 lakhs could have been avoided by the department.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

5.2. Shortages of stores

Consequent upon his transfer from the Buildings and Roads Division, Bharwain, to the Irrigation and Public Health Division, Pooh (Kinnaur district) in October 1982, a Junior Engineer (JE) did not hand over the stores under his charge and was relieved of his duties in *absentia* by the division. Subsequently the stores were physically verified by a committee headed by the Executive Engineer in December 1982 and shortages of material amounting to Rs. 0.86 lakh were noticed. Accordingly, a case was got registered by the State Criminal Investigation Department (CID) in January 1983. The value of shortages was placed under 'Miscellaneous Works Advances' and shown in the last pay certificate of the JE sent to the Irrigation and Public Health Circle, Una in September 1983 where the official had joined on the basis of modified orders issued in March 1983.

Government intimated in October 1986 that the JE was relieved *in absentia* to avoid excess over sanctioned strength. The investigation in the case had been completed and necessary prosecution sanction against the JE was issued in June 1986. Further developments were awaited (February 1987).

5.3. Non-receipt of material

A test check (April 1985) of the accounts of the Theog Buildings and Roads Division revealed that 140 drums of bitumen valued at Rs. 0.71 lakh despatched by the supplier by rail from Bombay in September 1981 had not been received by the division. A claim for Rs. 0.71 lakh was lodged with the railways in December 1981 by the consignee, Assistant Engineer, Stores sub-division No. II, Dhalli, Shimla. The case was, however, not properly pursued with the railways after October 1982. No reasons were given by the department for not pursuing the matter for four years.

In reply to the Divisional Officer's letter dated 18th March 1986, the Chief Claims Officer, Railways, New Delhi stated in June 1986 that the delivery of the consignment had already been made to the consignee in September 1981. The Divisional Officer, however, called for (July 1986) the identification of persons who received the material as the material was not traceable with them.

Besides, it was also noticed that 148 drums of bitumen valued at Rs. 0.70 lakh despatched by the supplier by rail from Jawahar Nagar (Gujarat) in May 1984 had also not been received by the division. A claim amounting to Rs. 0.70 lakh lodged with the railways in October 1984 by the same consignee had not been settled so far (August 1986).

The matter was referred to Government in September 1986; reply is awaited (February 1987).

5.4. Booking of material without requirement

Under the rules, stores are to be purchased and booked to works keeping in view their definite requirements and care is to be taken to see that no stores are purchased or booked in advance of actual requirement. It was, however, noticed in July 1985 that material valued at Rs. 1.95 lakhs was irregularly booked in February 1984 and material valued at Rs. 4.40 lakhs in January-March 1985 to the work 'Construction of water sports complex at Pong Dam' even though the site where the complex was to be constructed had not been made available and the detailed estimate of the work had

not been prepared and sanctioned (July 1986). Out of the total material valued at Rs. 6.35 lakhs, material worth Rs. 3.33 lakhs was either sold to other divisions (Rs. 3.11 lakhs) or consumed on other works (Rs. 0.22 lakh) and the balance material worth Rs. 3.02 lakhs was still lying unutilised (April 1986). Obviously, the material was booked to work so as to utilise the available budget provision. The retention of material also involved expenditure on handling and storage.

The Chief Engineer (North), Dharamsala, however, stated in April 1986 that the material was booked as per actual requirement and there was nothing wrong in transferring the material to other works where it was urgently needed as the site was not made available. The contention was not tenable as no material was consumed on the work against which the material was initially booked.

The matter was referred to Government in June 1986; reply is awaited (February 1987).

5.5. Purchase without requirement

For the construction of a steel truss foot bridge over Kandugad *khad* at Kandugad village in Ani Block, (District Kullu) (administratively approved in December 1984) a steel truss bridge (Launching Noze) weighing 99.80 quintals was purchased by the Kumarsain Division from the Buildings and Roads Division, Karchham in November 1983 at a cost of Rs. 0.89 lakh (where it had been lying surplus to requirement after completion of Karchham bridge over Baspa in May 1977). The bridge was accounted for in stock in November 1983 and booked to the work in March 1985 to utilise the available budget provision even though the design of the bridge to be provided there was different to that obtained from the Karchham Division. The bridge had not been installed so far (May 1986).

Evidently, the bridge was purchased without any assessed requirement and had resulted in the locking up of funds aggregating Rs. 0.89 lakh since November 1983.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

IRRIGATION AND PUBLIC HEALTH DEPARTMENT

5.6. Short receipt of material

Three orders for the supply of reinforced cement concrete pipes of different specifications alongwith collars valued at Rs. 3.50 lakhs

were placed in March 1978 on a rate contract firm of Mandi by the Executive Engineer, Irrigation and Public Health Division No. I, Hamirpur as consignee. According to the terms of the rate contract, 100 per cent payment was to be made at the factory site only against physical delivery of pipes. It was, however, noticed in audit in November 1985 that full payment for pipes costing Rs. 1.34 lakhs was made to the firm during April 1978 in contravention of terms of the contract after inspection of the material at the factory site without taking physical delivery. Against this, material valued at Rs. 0.23 lakh only was supplied by the firm, Rs. 0.45 lakh were recovered between February 1979 and May 1984 from other dues of the firm and the balance amount of Rs. 0.66 lakh was still to be recovered (July 1986).

The Divisional Officer stated in July 1986 that efforts were being made to recover the balance amount of Rs. 0.66 lakh from the firm which was not supplying the material. Nothing was, however, stated for deviating from the terms of the rate contract.

The matter was referred to Government in June 1986; reply is awaited (February 1987).

5.7. Shortages of stores

Shortages/excesses of stores valued at Rs. 5.46 lakhs were noticed at the time of handing over/taking over of charge and physical verification of stores, as mentioned below:—

- (1) A Junior Engineer (JE) did not hand over the stores under his charge and was relieved of his duties in August 1984 by the Irrigation and Public Health (IPH) Division, Paonta. Stores physically available on various schemes as verified by the Assistant Engineer during July 1984 were adopted as ground balances on 1st December 1984. Accordingly, excesses and shortages of materials valued at Rs. 0.73 lakh and Rs. 2.36 lakhs respectively were noticed. The excesses/shortages were yet (January 1987) to be regularised.
- (2) A Junior Engineer was relieved (November 1984) by Katrain sub-division without handing over full charge. Shortages of material valued at Rs. 0.86 lakh were noticed in audit in August 1985 out of which Rs. 0.21 lakh were yet (January 1987) to be reconciled/recovered.
- (3) In another case, a Junior Engineer was relieved by Irrigation and Public Health Division, Nurpur in September

1982 without handing over charge to his successor. Shortages of material valued at Rs. 1.76 lakhs worked out in March 1983 against him still (January 1987) remained to be reconciled/recovered.

- (4) Physical verification of stores of the Irrigation and Public Health sub-Division, Chamba conducted in September 1982 and February 1983 revealed shortages of stores valued at Rs. 0.73 lakh out of which shortages worth Rs. 0.40 lakh were yet (January 1987) to be reconciled/recovered.

The matter in respect of the above was referred to Government in July-August 1986; reply is awaited (February 1987).

5.8. Unutilised stores

Rules require that stores should be purchased in accordance with definite requirements of works and care should be taken not to purchase stores much in advance of the actual requirement.

It was, however, noticed that slotted pipes of various diametres valued at Rs. 0.67 lakh purchased in July-August 1982 for use in tubewells in Mandi district were lying unused in the divisional store of the Irrigation and Public Health Division, Sundernagar (September 1986). Similarly, stores such as galvanised iron fittings, high density polythene fittings, spare parts of vehicles, etc., valued at Rs. 0.56 lakh purchased during 1980-81 were lying unused in Nalagarh stores of Irrigation and Public Health Division No. I, Solan (August 1986). The Divisional Officer stated in October 1986 that the list of surplus stores had been circulated in March 1986 amongst various divisions. The stores were, however, still awaiting disposal (October 1986).

Evidently, these stores had been purchased in 1980-81 and 1982-83 without assessing requirements.

The matter was referred to Government in June 1986; reply is awaited (February 1987).

5.9. Rigs in excess of requirements

For the drilling and development of tubewells, the Tubewell Division, Nalagarh (Solan district) had been provided with ten rigs purchased between 1968 and 1983 at a cost of Rs. 130.65 lakhs. It was noticed (January 1985) in audit that these rigs though in working order had been lying idle for a period ranging from 7 months to 30

months between July 1983 and August 1986. Although these rigs had been declared surplus to the requirements in July 1984, no requisition for their use was received from any division/other departments till August 1986. The division had incurred an expenditure of Rs. 4.17 lakhs on the operational staff employed on these idle rigs between July 1983 and August 1986.

Obviously, the rigs provided were much in excess of requirement of the division. The Chief Engineer stated in September 1985 that the rigs could not be utilised for want of funds and the staff had been utilised on watch and ward of the machinery and on other miscellaneous work. The Chief Engineer further stated in October 1985 that additional funds had been made available and the question of keeping the staff and the rigs idle would not arise further. It was noticed that funds of Rs. 52.61 lakhs and Rs. 2.43 lakhs were provided for drilling and development during the years 1985-86 and 1986-87 respectively. The Executive Engineer, however, stated in September 1986 that since there were no other works on which the staff of these rigs could be utilised, no specific duties were assigned to the staff during the period the rigs remained idle.

The matter was referred to Government in August 1986; reply is awaited (February 1987).

DEPARTMENT OF HOME (PRISONS)

5.10. Stores accounts

The stores in the office of the Inspector General of Prisons consist mainly of uniform articles, dietary articles, raw materials for cottage industry schemes and finished products. Test-check of records of 3 units (Inspector General of Prisons, Himachal Pradesh, Superintendent, Model Central Jail, Nahan and Superintendent, District Jail, Dharamsala) revealed the points mentioned below:—

1. Annual consolidated accounts of stores (excluding dead stock items), where the total value is Rs. 5 lakhs or more are required to be furnished to Audit by June every year. The accounts had, however, not been prepared since inception (November 1973).
2. No uniform procedure had been laid down for the assessment of requirements of stores although financial rules enjoin that purchases must be made in the most economical manner; in accordance with the definite requirements of public service and that care should be taken not to purchase stores in excess of actual requirements.

3. Out of stores like cotton yarn and uniform articles valued at Rs. 0.96 lakh purchased by the Inspector General of Prisons and Superintendent, Model Central Jail during 1982-83 to 1984-85, stores valued at Rs. 0.81 lakh were still lying unutilised (May 1986).
4. During the period from 1981-82 to 1985-86 stores like dietary articles, etc., valued at Rs. 6.68 lakhs were purchased for the prisoners by the Superintendent, Model Central Jail, Nahan without calling for quotations/tenders.
5. Finished products valued at Rs. 0.38 lakh manufactured by the prison inmates under various schemes were supplied to various private individuals and others during 1981-82 to 1985-86 on credit. There was no provision in the wage earning schemes for sale by credit. The cost was still (May 1986) recoverable.
6. The official dealing with stores is required to deposit a prescribed amount of security. It was noticed that stores valued at several lakhs of rupees were being handled by officials who had not furnished any security deposits.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

DEPARTMENT OF HOME (FIRE SERVICES)

5.11. Stores accounts

5.11.1. Introductory

The stores of the Fire Services Organisation consist mainly of water tenders, crash tenders, fire fighting equipment and uniforms. Purchases are made by the Chief Fire Officer exclusively for all the fire stations under the directions of the Commandant General, Home Guards-cum-Director of Civil Defence and Fire Services and by the Commandant(s), Home Guards at the district level in accordance with the financial powers delegated to them.

5.11.2. Scope of coverage

The records of 3 units (Chief Fire Officer, Shimla, Divisional Fire Officer, Shimla and Divisional Fire Officer, Fire Training Centre, Baldian) were test checked during May-June 1986. The results of test check are mentioned in the following paragraphs.

5.11.3. Maintenance of accounts

Annual consolidated accounts of stores (excluding dead stock items), where the total value is Rs. 5 lakhs or more, are required to

be furnished to audit by June every year. The accounts had not been prepared by the department since inception (January 1973).

5.11.4. Locking up of funds and avoidable payment of interest

Under the 10-year plan (1984-85 to 1993-94) for modernisation of fire services as approved by the Government of India, the department borrowed Rs. 81.01 lakhs (April 1985 : Rs. 47.61 lakhs and March 1986 : Rs. 33.40 lakhs) from the General Insurance Corporation of India at an interest rate of 9.75 *per cent* against the estimated expenditure of Rs. 33.40 lakhs during 1985-86. The entire amount was deposited into the treasury. According to the terms and conditions of the loan, the amount was to be utilised within 6 months from the date of drawal by the State Government. It was, however, noticed in audit that Rs. 25.80 lakhs only had been utilised and the balance amount of Rs. 55.21 lakhs was still (June 1986) lying unutilised which resulted in avoidable payment of interest of Rs. 2.94 lakhs.

It was further noticed that the amounts of the aforementioned loan (Rs. 47.61 lakhs) and another loan of Rs. 69.50 lakhs raised during 1982-83 (Rs. 35 lakhs) and 1983-84 (Rs. 34.50 lakhs) were utilised much after their drawal from the Corporation. The delay in utilisation of the amounts of loan ranged between 8 and 22 months, which resulted in avoidable payment of interest amounting to Rs. 8.32 lakhs.

5.11.5. Infructuous expenditure on repairs

One water tender valued at Rs. 0.87 lakh was sent for repairs in June 1981 to the Himachal Road Transport Corporation Workshop at Tara Devi. The Workshop submitted an estimate for Rs. 0.06 lakh in June 1981 which was later revised to Rs. 0.16 lakh in December 1981. The amount of Rs. 0.16 lakh was paid to the workshop in January 1983 and the delivery of the vehicle taken after repairs after a lapse of about 19 months in January 1983. On being deployed on fire fighting duties the next day, the vehicle broke down and also developed further defects. It was again sent to the workshop in January 1983. Another estimate for Rs. 0.15 lakh was submitted by the workshop and the amount was paid by the Divisional Fire Officer, Shimla in March 1984. The vehicle could not be repaired completely as some further parts required replacement. The vehicle was then towed back from the workshop in August 1985 and has been lying unused since then. The expenditure of Rs. 0.31 lakh incurred on repairs has thus remained infructuous besides giving a set back to the fire protection measures.

5.11.6. Idle machinery

One defective trailer pump valued at Rs. 0.26 lakh was transferred by the Commandant (Training), Home Guards-cum-Civil Defence Central Training Institute, Junga to the Divisional Fire Officer, Training Centre, Baldian in November 1984. The trailer pump had been lying idle since its receipt in the training centre. No action had been taken for its repair or disposal (June 1986).

5.11.7. Non-accountal of stores

It was noticed that stores valued at Rs. 0.44 lakh were issued from the central stores of the Chief Fire Officer during 1982-83 to 1985-86. Neither acknowledgements of the recipients nor the countersigned copies of the challans in support of the material issued, were available on record. The matter was not investigated (July 1986).

5.11.8. Unserviceable stores

Unserviceable/obsolete stores valued at Rs. 1.43 lakhs with the Chief Fire Officer (Rs. 0.81 lakh) and the Divisional Fire Officer, Training Centre, Baldian (Rs. 0.62 lakh) were awaiting disposal for periods ranging between one year and eight years.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

**DEPARTMENT OF INDIAN SYSTEM OF MEDICINE
(AYURVEDA)**

5.12. Stores and stock**5.12.1. Introductory**

The purchases of stores of the Department of Indian System of Medicine (Ayurveda) comprising mainly of medicines, equipment, plants and machinery and raw herbs are made by the Director of Indian System of Medicine (Ayurveda) at State level and by the district/unit level officers at district/unit level in accordance with the financial powers delegated to them.

5.12.2. Scope of coverage

The records of 4 districts (Bilaspur, Mandi, Solan and Sirmaur) out of 12 districts in the State, 2 Pharmacies at Jogindernagar and

Majra, one Regional Ayurvedic Hospital at Shimla and the Directorate office were test checked during April—June 1986. The important points noticed during test check are mentioned in the following paragraphs.

5.12.3. Maintenance of accounts

Annual consolidated accounts of stores (excluding dead stock items), where the total value is Rs. 5 lakhs or more are required to be furnished to Audit by June every year. The accounts in respect of Ayurvedic Pharmacy, Majra were, however, in arrears since 1976-77 and had not been furnished to Audit.

5.12.4. Purchase of stores in excess of requirements

Financial rules prescribe that purchases must be made in the most economical manner; in accordance with the requirements of public service and that care should be taken not to purchase stores in excess of actual requirements.

(a) The records in 4 units (District Ayurvedic Officer, Solan, Managers Ayurvedic Pharmacies, Jogindernagar and Majra and Regional Ayurvedic Hospital, Shimla) revealed that the entire quantity of stores/stock valued at Rs. 3.63 lakhs purchased between 1973-74 and 1984-85 was lying unutilised in the central stores maintained at district/unit level.

(b) No uniform procedure had been laid down for the assessment of requirements of stores. The maximum limit for retention of stores had also not been prescribed by the department.

The records of two units (Ayurvedic Pharmacies, Jogindernagar and Majra) revealed that raw herbs valued at Rs. 0.84 lakh were purchased during 1980-81 to 1985-86 in spite of an adequate stock (value : Rs. 1.65 lakhs) of these herbs being already available in stock.

(c) Stores valued at Rs. 1.94 lakhs were purchased by the Manager, Ayurvedic Pharmacy, Jogindernagar in the last week of March 1986 although adequate quantities of such stores (value : Rs. 0.93 lakh) were already in stock. It was noticed from the stores records that the average annual consumption of these items in the previous three years did not also warrant the purchase of these items. Further, there was no manufacturing programme in the near future on record which could justify the purchases.

Again, it was noticed that of the stores valued at Rs. 4.03 lakhs purchased by the Ayurvedic Pharmacies, Jogindernagar and Majra and the Regional Ayurvedic Hospital, Shimla between 1976-77 and 1984-85, stores of the value of Rs. 0.53 lakh only had been utilised and the remaining items valued at Rs. 3.50 lakhs were still (June 1986) lying unutilised in the Central Stores. The Government stated (December 1986) that instructions were being issued to distribute excess medicines lying in various institutions to the units where these are required so that unutilised medicines could be put to use.

5.12.5. Purchase without quotations/tenders

During 1981-82 to 1985-86, purchases of stores/stock articles valued at Rs. 44.06 lakhs were made by six units (District Ayurvedic Officers, Bilaspur, Mandi, Sirmaur, Solan, Regional Ayurvedic Hospital, Shimla and Directorate office) without calling for quotations/tenders as prescribed under the rules. Instead, orders were placed piecemeal, each order being kept within the financial powers of the indenting officers, directly on the firms requiring them to certify that the rates charged were hospital rates. The Government stated (December 1986) that from the later half of the year 1985-86 efforts are being made to streamline the procedure of purchase of medicines. In fact all that is required for the department is to follow the existing procedure for purchases.

5.12.6. Splitting up of supply orders

Rules provide that supply orders should not be split so as to avoid the necessity of obtaining sanction of higher authorities. District Ayurvedic Officers/Managers of Pharmacies are empowered to make purchases of any one item upto Rs. 4,000 at a time and all purchases exceeding Rs. 4,000 have to be effected with proper sanction, either on rate contract or by inviting open tenders to avail of the benefit of competitive rates. The Government stated (December 1986) that with the streamlining of purchase procedure splitting of supply orders will be avoided in future.

In 3 offices (District Ayurvedic Officers, Bilaspur, Mandi and Manager Ayurvedic Pharmacy, Jogindernagar) stores articles aggregating Rs. 2.38 lakhs were purchased between 1984-85 and 1985-86 by splitting purchase orders.

5.12.7. Purchase of sub-standard medicines

The Physician incharge, Regional Ayurvedic Hospital, Shimla purchased medicines valued at Rs. 0.29 lakh in May 1984 from a firm

which was on rate contract. On the basis of a complaint the medicines were sent to the laboratory for testing in March 1985. The medicines were found to be lacking in gold content. The circumstances under which the supplies were accepted only on the basis of a certificate by the firm without proper inspection by some responsible departmental officer were not on record. The Government stated (December 1986) that the matter was being enquired into by the Vigilance Department.

5.12.8. Non-recovery of shortages

In two offices (Managers Ayurvedic Pharmacies, Jogindernagar and Majra) shortages of stores valued at Rs. 0.21 lakh were noticed during physical verification conducted between 1958-59 to 1985-86. No action to effect recoveries from the defaulting officials had been taken (May 1986).

5.12.9. Idle machinery

Equipment such as strip packing machine, tube filling machine, etc., valued at Rs. 0.90 lakh (Ayurvedic Pharmacies, Jogindernagar: Rs. 0.84 lakh and Majra: Rs. 0.06 lakh) had not been put to use for want of a mechanic at Jogindernagar for a period ranging between 5 to 6 years and non-replacement of defective parts in the case of the Majra Pharmacy for 20 to 24 years. The Government stated (December 1986) that mechanic at the Ayurvedic Pharmacy, Jogindernagar had been appointed in May 1986 and the machine would be put to use shortly.

5.12.10. Drug testing laboratory

The Manager Ayurvedic Pharmacy, Jogindernagar purchased chemicals, equipment, furniture, glass apparatus, etc., for Rs. 1.82 lakhs during 1981-82 to 1985-86 for establishing a Drug Testing Laboratory. The laboratory had, however, not been established so far (May 1986). The Manager stated (May 1986) that the laboratory could not be started as the Scientific Officer and other staff had not been posted. The department stated (February 1987) that the recruitment and promotion rules were under consideration of Government. The expenditure of Rs. 1.82 lakhs had thus not served any fruitful purpose.

5.12.11. Unserviceable stores

The records in 7 offices (District Ayurvedic Officers, Bilaspur, Mandi, Sirmaur, Solan, Ayurvedic Pharmacy Majra, Regional Ayurvedic Hospital, Shimla and the Directorate Office) revealed

that several items of stores valued at Rs. 0.57 lakh which were declared unserviceable/obsolete were awaiting disposal for the period ranging between 1 year and 25 years.

5.12.12. Security deposit for handling stores

Officials who deal with stores are required to deposit security for such amount as prescribed by the Government from time to time. It was noticed that though stores valued at several lakhs of rupees were being handled by the Ayurvedic Compounders/other staff no security deposit was obtained from them by the department. The Government stated (December 1986) that instructions had been issued to the officials dealing with stores to furnish the necessary security.

DEPARTMENT OF RURAL DEVELOPMENT

5.13. Incorrect fixation of sale rate

A test check of the accounts of the Block Development Officer (BDO), Spiti at Kaza (District Lahaul and Spiti) conducted in September 1985 revealed that 55.995 Cubic Metres of timber (Deodar wood) was purchased at a cost of Rs. 1.22 lakhs from the Forest department in February 1980 for carrying out construction works through Panchayats and contractors. Timber was removed at a cost of Rs. 0.31 lakh from the Dharampur (District Solan) Depot through private trucks after getting it sawn (February to September 1980). No tenders/ quotations were invited from the public carriage contractors. Of the total volume, 13.990 Cubic Meters timber was wasted in sawing process and the remaining 42.005 Cubic Metres was sold by the BDO to various Panchayats and contractors for Rs. 1.17 lakhs without observing the prescribed procedure for fixing the sale rate (at the rate of Rs. 2790 per Cubic Metre) against the actual investment of Rs. 1.69 lakhs (cost of wood: Rs. 1.22 lakhs; storage and supervision charges: Rs. 0.07 lakh; carriage, cooliage, loading/unloading and miscellaneous charges: Rs. 0.34 lakh; sawing charges: Rs. 0.04 lakh and carpentry charges: Rs. 0.02 lakh) resulting in a loss of Rs. 0.52 lakh.

The matter was referred to Government in May 1986; reply is awaited (February 1987).

DEPARTMENT OF AGRICULTURE

5.14. Injudicious purchase

(i) Stores valued at Rs. 1.23 lakhs (plant protection material : Rs. 1.17 lakhs and seed: Rs. 0.06 lakh) purchased 2 to 5 years ago

by the District Agriculture Officer, Keylong (Lahaul and Spiti) were lying unutilised (October 1985).

(ii) Stores valued at Rs. 0.31 lakh (galvanised iron pipes: Rs. 0.23 lakh and barbed wire: Rs. 0.08 lakh) purchased 5 years ago in Block Development Office, Lambagaon were lying unutilised (February 1986).

The Block Development Officer stated (February 1986) that there was no scope for the utilisation of GI pipes as all the villages had been/were being covered under water supply schemes by the Irrigation and Public Health Department and that correspondence was going on with other blocks for their utilisation. The barbed wire could not be utilised due to transfer of the scheme to Forest department/change in design of the scheme.

The above cases were referred to Government in June-July 1986; reply is awaited (February 1987).

CHAPTER—VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1. Grants and their utilisation

In 1985-86, Government disbursed Rs. 1168.23 lakhs as grants to panchayats, municipalities, co-operative societies, educational institutions, etc., as detailed below:—

<i>Serial number</i>	<i>Department</i>	<i>Grants paid during 1985-86 (Rupees in lakhs)</i>
1.	Rural Development	278.42
2.	Education	68.99
3.	Agriculture	281.70
4.	Local Self-Government	237.20
5.	Industries	84.62
6.	Welfare	70.51
7.	Police	3.00
8.	Forest	67.10
9.	Fisheries	2.70
10.	Animal Husbandry	26.33
11.	Co-operation	11.44
12.	Tourism	4.65
13.	General Administration (social services)	0.27
14.	Revenue (natural calamities)	31.30
Total		1168.23

Under the rules, certificates to the effect that the grants had been utilised for the purpose for which they were paid, are required to be furnished by the departmental offices to the Audit office within one year of the disbursement of the grants unless specified otherwise. The Public Accounts Committee had repeatedly expressed

dis-satisfaction with the slow progress of submission of utilisation certificates and recommended that cases of unusual delays on the part of field officers should be duly investigated. Out of 1881 outstanding utilisation certificates (Rs. 4002.81 lakhs) in respect of grants paid from 1963-64 to 1984-85, only 424 certificates (Rs. 1625.97 lakhs) had been furnished by 30th September 1986 leaving 1,457 certificates (Rs. 2376.84 lakhs) in arrears (30th September 1986). Department-wise break-up of the 1,457 outstanding utilisation certificates is given below:—

Serial number	Department	Number of certificates	Amount (Rupees in lakhs)
1.	Rural Development	167	1,251.92
2.	Local Self-Government	649	424.67
3.	Industries	55	274.14
4.	Animal Husbandry	4	12.82
5.	Tourism	3	1.70
6.	Education	157	62.06
7.	Welfare	391	301.39
8.	Co-operation	16	35.17
9.	Health and Family Welfare	3	0.65
10.	Fisheries	10	12.23
11.	General Administration (Social and Community Services)	2	0.09
Total		1,457	2,376.84

The period-wise break-up of outstanding utilisation certificates is as under :—

	Number of certificates	Amount (Rupees in lakhs)
Delayed up to three years	1,005	1,440.55
Delayed for more than three years but up to five years	201	739.84
Delayed for more than five years but less than ten years	156	156.68
Delayed for more than ten years	95	39.77
Total	1,457	2,376.84

In the absence of utilisation certificates, it was not possible to know whether the recipients spent the grants for the purpose(s) for which they were given.

Audit Under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971

DEPARTMENT OF INDUSTRIES

6.2. Himachal Pradesh Khadi and Village Industries Board

Important points noticed in audit of accounts of the Board are mentioned in the succeeding paragraphs.

6.2.1. Irregular release of financial assistance

According to the practice followed by the Himachal Pradesh Khadi and Village Industries Board (Board), the amount of loans and grants sanctioned are first placed in the joint bank account of the Development Officer of the Board and the loanee unit. The amount is released to the loanee unit after completion of formalities viz., mortgage of immovable property alongwith the surety and submission of break-up of capital expenditure, etc. The working capital loan is released after the purchase of machinery, tools and equipment and installation thereof in the building constructed for the purpose.

Test check of cases assisted by the Board revealed (June 1986) the following :—

- (i) The Board sanctioned Rs. 6.80 lakhs to two Rosin and Turpentine Units of Bilaspur and Badoh (Rs. 3.40 lakhs each unit) in December 1977 and June 1980.

A scrutiny of records (June 1986) revealed that the officers concerned released Rs. 6.79 lakhs between December 1977 to February 1978 and July 1981 respectively without ensuring the completion of formalities. The units have, however, not been established (July 1986). A sum of Rs. 1 lakh was recovered from the Bilaspur Unit in April 1978 and for the balance the case was referred to the Collector for recovery (July 1980) which was still pending (July 1986). Action to recover the amount from the other unit has not been taken (July 1986).

- (ii) The Board sanctioned and released funds amounting to Rs. 2.80 lakhs to two Katha units of Amb and Mandi in

January 1978 and December 1980. The Development Officer and Technical Manager released (February 1978 and January—March 1981) the funds without verifying the facts of establishment of units. In reply to a notice issued (July 1979) the Amb Unit stated (January 1980) that due to non-issuance of felling orders of *Khair* trees by the Divisional Forest Officer it could not start production. As regards the Mandi Unit, the utilisation certificate furnished by the Technical Manager was found fictitious as permission of the Forest Officer concerned accorded for felling *Khair* trees was not obtained. The Head Office of the Board directed the Technical Manager in July 1983 to supply copy of permission to fell *Khair* trees, if granted, which was still awaited (July 1986). No action to recover the amount had been taken (July 1986).

6.2.2. Purchase of mustard oil seeds

Under the pattern of assistance to the Khadi and Village Industries Commission (Commission), working capital for bulk purchase and stocking of oil seeds to the extent of 65 per cent or 35 per cent of the estimated value of consumption of oil seeds in the area having one season or two seasons respectively is permissible to the loanee institutions. The Board, instead of advancing working capital loans to the entitled units, decided (February 1983 and April 1985) to procure and distribute mustard oil seeds on cash basis. Accordingly, 3,029 quintals and 2,824 quintals of oil seeds valuing Rs. 17.50 lakhs and Rs. 16 lakhs were procured through a commission agent from Narnaul market (Haryana) during April 1983 and April 1985 respectively.

(i) The purchase of oil seeds was not made on the basis of any firm demand from the loanee units but was based on *ad hoc* requirements from the field units of the Board. Out of purchases of 3,029 quintals, 841 quintals of oil seeds (value: Rs. 4.58 lakhs) were still lying in stock when further purchases valued at Rs. 16 lakhs were made in April 1985. Of this, 115.42 quintals (value: Rs. 0.62 lakh) and 857 quintals (value : Rs. 4.85 lakhs) were still lying in stock (January 1987), oil contents test in respect of which had not been conducted.

(ii) Against the purchases of Rs. 17.50 lakhs and Rs. 16 lakhs, the Commission had provided funds in the budgets amounting to Rs. 10 lakhs and Rs. 5 lakhs during 1983-84 and 1985-86 respectively. The balance amounts of Rs. 7.50 lakhs (1983-84) and Rs. 11 lakhs (1985-86) were met by diverting the funds of recoveries made from the loanees without the approval of the Commission.

(iii) The purchases of oil seeds in April 1983 and April 1985 were made by the Committees constituted (February 1983 and March 1985) by the Chairman of the Board, though another State Level Committee consisting of six members headed by the Additional Director (Industries) had been formed (June 1983) by the Board for the same purpose. The work of purchases was not entrusted to the latter on the plea that the purchases of oil seeds were not for the department. Further, it was noticed that amounts of Rs. 0.54 lakh and Rs. 1.11 lakhs as purchase and exhibition advances were outstanding on 31st March 1983 and 31st March 1985 against an officer who was made head of the purchase committees in February 1983 and March 1985. Besides, criminal proceedings were also pending against the said officer on the date of his appointment as Head of the Committee.

(iv) Records of minutes of meetings of the purchase committees had not been maintained and all the purchases were made through the commission agent.

(v) The Board is a registered dealer under the Central Sales Tax Act, 1956 and is liable to pay Central Sales Tax (CST) at the rate of 4 per cent only in terms of Section 8 *ibid* on the oil seeds but CST was paid at the rate of 8 per cent (except for the purchase of 397.20 quintals of oil seeds valued at Rs. 1.87 lakhs made for a single co-operative society in which sales tax was paid at 4 per cent on their production of form 'C') resulting in an overpayment of Rs. 1.07 lakhs.

(vi) Amounts of Rs. 1.19 lakhs (April 1983) and Rs. 1.50 lakhs (April 1985) were advanced to 10 and 5 Assistant Development Officers respectively to enable them to meet the freight charges, etc., from the place of purchase to their respective destinations. While in the former cases, only 6 officers rendered (July 1983 to September 1985) accounts for Rs. 0.86 lakh, no accounts had been rendered in the latter case (July 1986). No action had been taken against the defaulting officers (July 1986).

(vii) During test check of accounts of five field offices, it was noticed that physical verification of stores in the office of Assistant Development Officer, Solan conducted during 1983-84 revealed shortages of 141 bags (value: Rs. 0.65 lakh) of oil seeds. The shortages were still to be reconciled/made good (July 1986).

The matter was referred to Government in October 1986; reply is awaited (February 1987).

6.2.3. Training Institute at Mandi

Under the Programme 'Training of Rural Youth for Self Employment' (TRYSEM) the Commission accorded approval in July 1980 for the construction of the building of the training institute at a cost of Rs. 12.44 lakhs at Mandi. Part payment of Rs. 6.22 lakhs was released to the Board in December 1980. On the basis of an estimated cost of Rs. 18.22 lakhs assessed by a private architect the work was entrusted to the Himachal Pradesh Public Works Department (HPPWD) in December 1981. The HPPWD, however, reported in January 1982 that the site plan prepared by the private architect did not tally with the site conditions and a fresh contour plan was prepared. The Board accorded approval (March 1982) to the revised plan (Rs. 13.75 lakhs) and placed an amount of Rs. 3 lakhs at the disposal of the HPPWD. The Executive Engineer, HPPWD advised (November 1982) the Board to deposit the full amount of the estimate as an expenditure of Rs. 0.63 lakh (Rs. 0.14 lakh on site development and toe wall and Rs. 0.49 lakh on material) had been incurred.

As the construction work of the building was executed by the HPPWD at a slow pace, the Board decided (November 1982) to get the construction work done through Himachal Pradesh Mineral and Industrial Development Corporation (HPMIDC) and in case HPMIDC did not agree through private agency by appointing an engineer on deputation. No action was, however, taken and instead the Board approached (May 1983) the State Housing Board to take up the construction work. As no reply was received from the Housing Board also, a committee under the Chairmanship of the Secretary of the Board was constituted to get the construction work completed departmentally. Accordingly, tenders were invited in December 1983 and an unspent amount of Rs. 2.37 lakhs was got refunded from the HPPWD in 1984. The tenders have, however, not been finalised (July 1986) reasons for which were not recorded. As the amount was not utilised, the Commission directed the Board in November 1985 and April 1986 to refund the amount immediately which had not so far been refunded (July 1986).

Thus, the expenditure of Rs. 0.63 lakh incurred on the development of site and purchase of materials had remained locked up. Besides, an amount of Rs. 5.59 lakhs had remained unutilised (July 1986).

The matter was referred to Government in October 1986; reply is awaited (February 1987).

6.2.4. Shortages of cash and stores

Internal audit pertaining to the period 1979-80 to 1983-84 conducted by an Internal Audit Wing of the Board detected shortages of stores, short billing of goods sold and misappropriation of cash, etc., amounting to Rs. 15.55 lakhs by 110 officials. Of this, an amount of Rs. 3.70 lakhs had been recovered from the officials upto April 1986 leaving a recoverable balance of Rs. 11.85 lakhs. The shortages were facilitated primarily due to conducting internal audit much after the close of the financial year. It was stated (July 1986) by the Board that the arrears were due to shortage of staff. It was, however, noticed (July 1986) that sixteen posts of Accountants sanctioned by the State Government (May 1983) were not filled in (July 1986) for which reasons were not recorded.

(i) Out of 110 officials from whom shortages amounting to Rs. 15.55 lakhs were recoverable, 10 had retired (Rs. 0.58 lakh), 5 officials (Rs. 1.05 lakhs) including one daily waged (Rs. 0.86 lakh) had left service, two had expired (Rs. 0.08 lakh) and services of 4 (Rs. 1.17 lakhs) were terminated. In one case responsibility of shortages (Rs. 0.52 lakh) could not be fixed. Instead the services of unit incharges were terminated in April 1986.

(ii) Recoveries from 6 officials were stopped in June 1972, November 1978, December 1980, September 1981, December 1982 and July 1983 after recovering Rs. 0.05 lakh out of Rs. 0.58 lakh without assigning any reasons.

(iii) Rates of recovery from 3 officials (Rs. 644 per month) who are to retire between February 1998 and February 1999 were not commensurate with the amount recoverable (Rs. 4.77 lakhs).

Action to recover or to make good the shortages in the remaining cases has not been taken (July 1986).

The matter was referred to Government in October 1986; reply is awaited (February 1987).

6.2.5. Damaged stocks

A test check (June 1986) of stock registers of 6 units of the Board (General stores at Mandi, Charamshilpa Shimla, Sales unit at Peo, Sundernagar, Shimla and Solan) out of 22 units handling stocks, revealed that during physical verification of stocks conducted (March 1985) by various officers of the Board, finished goods

manufactured during 1976-77 to 1983-84 valued at Rs. 6.05 lakhs were found damaged mostly by insects.

No action had been taken to investigate the reasons leading to damaged stocks with a view to fixing responsibility and suggesting remedial measures to avoid such losses in future nor had the cases been brought to the notice of the Board. Action to dispose of the damaged stocks had also not been taken (November 1986).

The matter was referred to Government in October 1986; reply is awaited (February 1987).

DEPARTMENT OF LOCAL SELF GOVERNMENT

6.3. Grants to Urban Bodies

The Local Self Government Department sanctioned grants amounting to Rs. 1369.94 lakhs during 1982-83 to 1985-86 to 47 urban local bodies for certain specific purposes as detailed below :—

(Rupees in lakhs)					
Serial number	Purpose of grant	1982-83	1983-84	1984-85	1985-86
1.	Construction work such as buildings, water supply, etc.	110.28	111.96	102.83	178.47
	(No. of works in brackets)	(469)	(404)	(394)	(638)
2.	Compensation for abolition of Octroi duty	158.33	164.29	176.55	188.90
3.	Relief on Natural Calamity	18.00	..	..	46.30
4.	(a) Centrally sponsored scheme for liberation of scavengers	..	37.50	75.00	..
	(b) Other ex-gratia payments	..	..	..	1.53
Total		286.61	313.75	354.38	415.20

A scrutiny (May-June 1986) of the records of the department disclosed the following points :—

- (i) The grants-in-aid rules provide that the work or service for which grant has been sanctioned must commence within one year and be completed within a period of two years from the date of receipt of the grant, unless

an extension of time has been allowed for sufficient reasons to be recorded. Further, non-submission of utilisation certificates in time debars the defaulting grantees from receiving further grants.

The department sanctioned grants to 41 urban local bodies although 1,297 utilisation certificates involving grants-in-aid of Rs. 271.73 lakhs paid between 1974-75 and 1983-84 were awaited (June 1986).

- (ii) Rules enjoin that unspent balance, if any, of the grant should be refunded to Government by the grantee. The position of unspent balances in respect of the urban local bodies was, however, not available with the department. The same was also not ascertained by the sanctioning authority before releasing the grants in subsequent years.
- (iii) Rules stipulate that an estimate of works costing more than Rs. 0.50 lakh should be approved by the Superintending Engineer and beyond rupees one lakh by the Chief Engineer of the State PWD.

It was noticed that two works (March 1983) were split by the Municipal Corporation, Shimla into four phases each by keeping the amount of each estimate within Rs. 0.50 lakh in order to avoid sanction of higher authority. However, the grants of Rs. 3.67 lakhs for these two works were sanctioned in March 1983 in lump.

- (iv) Test check revealed that against the estimated cost of Rs. 277 lakhs for 638 works, grants aggregating Rs. 162 lakhs (59 per cent of the estimated cost) were paid to 44 urban local bodies during 1985-86, though an amount of Rs. 304 lakhs was lying unspent with 32 local bodies at the end of March 1985.
- (v) Rules governing the payments of grants-in-aid provide that application in the prescribed form shall be submitted to Government through Deputy Commissioners concerned by 30th June every year. Financial rules also prescribe that there should be no occasion for rush of payments of grants in March. It was noticed that in all cases applications had been submitted in March each year and consequently sanctions to grants were also issued by the sanctioning authority towards the close of that month.

Grants amounting to Rs. 40 lakhs (November 1985 : Rs. 10 lakhs and March 1986 : Rs. 30 lakhs) were sanctioned to the Municipal Corporation, Shimla, by the Department without plans/detailed estimates of works, though they were required to accompany the application for sanction of grant.

- (vi) The Municipal Corporation, Shimla formulated a scheme for conversion of 7,650 dry latrines into hand flush latrines during 1983-84 at an estimated cost of Rs. 111.69 lakhs. As per the financial pattern adopted by the State Government, 50 per cent subsidy was available from Government of India, 25 per cent subsidy was to be given by the State Government and the remaining 25 per cent was to be contributed by the beneficiary. This scheme was extended to Chamba and Nahan towns during 1984-85.

Grants amounting to Rs. 74.99 lakhs as Central share and Rs. 37.48 lakhs as State share were paid to these three urban local bodies (Shimla : Rs. 83.76 lakhs; Chamba : Rs. 14.36 lakhs and Nahan : Rs. 14.35 lakhs) besides a loan of Rs. 14.58 lakhs to Nahan and Chamba bodies for this purpose.

Though the scheme for Shimla was to be completed within three years, only 3,800 units had been so converted upto October 1986. The Municipal Committee, Chamba constructed 140 units as against the target of 3,200 units to be completed within 4 years. No progress had been made in Nahan although 4,000 units were targeted to be completed within five years.

DEPARTMENT OF TOWN AND COUNTRY PLANNING

6.4. Grants and loans

6.4.1. Grants

The department sanctioned grants amounting to Rs. 170 lakhs between 1979-80 and 1985-86 to the Town and Country Development Authority (TCDA), Shimla which was established in November 1978 in order to streamline the developmental activities of the Capital town of the State. This was renamed in November 1983 as the Shimla Development Authority (SDA).

A test check (April-May 1986) of the records of the sanctioning authority revealed the following points :—

- (i) Grants amounting to Rs. 15 lakhs were sanctioned to TCDA between 1979-80 to 1981-82 in anticipation of training of rules.

- (ii) The grants-in-aid rules provide that un-audited utilisation certificates of grants would be furnished by the grantee by 15th April of next year which would further be verified by the Examiner, Local Fund Accounts of the State Government. Submission of the utilisation certificates was, however, considerably delayed by the grantee. The utilisation certificates for the grants of Rs. 25 lakhs paid in March 1983 and Rs. 5 lakhs paid in March 1985 were awaited (May 1986).
- (iii) Rules require that the first three quarterly instalments in respect of grant for the particular year should be released on the basis of un-audited utilisation certificates furnished by SDA. The instalment for the last quarter is, however, to be released only on receipt of audited utilisation certificate. In contravention of these provisions, the grants had been released in lump-sum. Thus funds released at the end of each year remained unutilised with SDA. The unutilised amount which was kept in cash/fixed deposit/current account with different banks ranged between Rs. 10 lakhs and Rs. 137.98 lakhs during March 1980 and March 1985.

Keeping of the amount of grants/loans in fixed deposit(s) was indicative of the fact that the assistance was not immediately required by the grantee.

- (iv) Rules also enjoin that the proposals for release of grants incorporating the details of works to be taken up as also the total quantum of grant-in-aid required should accompany the request from the grantee. These provisions were, however, not adhered to and the grants were invariably released/paid in the absence of such proposals or written requests from the grantee.

6.4.2. Loans

(i) A development plan for Shimla was approved by Government of India in March 1981 involving a total outlay of Rs. 157 lakhs. To ensure timely implementation, a loan amounting to Rs. 34.78 lakhs was paid to TCDA/SDA by Government of India in 3 instalments in September 1981 (Rs. 15 lakhs), March 1983 (Rs. 13.12 lakhs) and March 1985 (Rs. 6.66 lakhs). An amount of Rs. 105 lakhs was also paid by the State Government between 1979-80 and 1984-85. Scrutiny revealed that no amount was spent on the scheme upto 1982-83. The un-audited accounts submitted by the grantee indicated that first payment against the above scheme towards compensation of land acquisition was made during February 1984.

(ii) The SDA was required to maintain a register in respect of permanent and semi-permanent assets acquired wholly or mainly out of Government grant. It was seen that no such register had ever been received from the grantee nor was it ever called for by the sanctioning authority.

(iii) A utilisation certificate for Rs. 28.12 lakhs in respect of loan released upto 1982-83 was submitted to Government of India during March 1984, though required to be submitted after the close of the financial year. Utilisation certificate for Rs. 6.66 lakhs was yet to be submitted (May 1986).

The above points were referred to Government in September 1986; reply is awaited (February 1987).

DEPARTMENT OF EDUCATION

6.5. Grants

The department paid grants totalling Rs. 916.79 lakhs during 1983-84 and 1985-86 for promotion of education as per details given below :—

Name of the institution	(Rupees in lakhs)		
	1983-84	1984-85	1985-86
Himachal Pradesh University	200.00	222.25	266.10
Himachal Pradesh Board of School Education	6.00	2.00	54.10
Privately managed colleges	20.00	50.26	41.93
Privately managed schools	4.61	8.85	13.91
Sainik School	1.00	1.00	4.12
Other institutions	1.85	1.73	17.08
Total	233.46	286.09	397.24

A test check (June 1986) of the records of the sanctioning authority revealed the following :—

- (i) Mention was made in paragraph 6.4 of the Audit Report for the year 1982-83 regarding the payment of grants to privately managed colleges on an *ad hoc* basis as the rules regulating the payment of grants had not been approved by Government.

The grants continue to be paid on an *ad hoc* basis as the aforesaid rules framed in January 1981 have yet to be approved by Government (February 1987).

- (ii) Rules require that grants to Himachal Pradesh University (University) would be sanctioned, subject to availability of funds, to meet expenditure on specific items/objects relating to maintenance, development and promotion of general education. Contrary to these rules, the sanctions issued did not indicate any specific purpose/object on which the grants were to be utilised. Besides, during 1985-86 additional grants of Rs. 51.23 lakhs and an interest free loan of Rs. 19.68 lakhs were sanctioned (December 1985) to the University to help it in setting off the accumulated deficit of Rs. 160.63 lakhs though grants-in-aid rules do not provide for such assistance being given. This was in addition to Rs. 204.86 lakhs originally allocated.
- (iii) For shifting of the Himachal Pradesh Board of School Education (Board) from Shimla to Dharamsala, a grant of Rs. 4 lakhs was sanctioned to the Board in August 1983 towards transfer travelling allowance of employees (Rs. 3 lakhs) and freight charges of furniture and records (Rs. 1 lakh). Although a period of three years had elapsed, no account of this grant had been received/obtained by the sanctioning authority from the Board.
- (iv) Two sanctions for release of grants of Rs. 5 lakhs and Rs. 12 lakhs to the Board in March 1986 did not indicate the purpose for which the grants were given.
- (v) One hundred and twelve utilisation certificates for Rs. 49.96 lakhs in respect of the grants sanctioned between 1978-79 and 1984-85 were awaited (October 1986) from the grantee institutions though the due dates of submission had already expired. In spite of non-submission of utilisation certificates, grants continued to be released to such institutions.

The matter was referred to Government in September 1986; reply is awaited (February 1987).

CHAPTER—VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

7.1. General

This chapter deals with the results of audit of :—

Statutory Corporations;

Government Companies; and

Departmentally managed Government Commercial/*quasi*-Commercial Undertakings.

Paragraph 7.2 gives a general view of the Companies, paragraph 7.3 deals with general aspects relating to the Statutory Corporations and paragraphs 7.4 to 7.6 give more details about each Statutory Corporation including financial and operational performance. Paragraph 7.7 deals with departmentally managed commercial and *quasi*-commercial undertakings.

Paragraph 7.8 contains "miscellaneous topics of interest relating to Statutory Corporations and Government Companies."

7.2. Government Companies—General view

7.2.1. On 31st March 1986, there were 14 Government Companies (including 5 subsidiaries) in the State. One subsidiary Company *viz.*, Himachal Wool Processors Limited ceased its operations with effect from 13th August 1983. However, action for its winding-up in accordance with the provisions of the Companies Act, 1956, has not been completed so far (November 1986).

7.2.2. A statement as per Appendix 7.1 gives the particulars of up to-date paid-up capital, outstanding loans, amount of guarantees outstanding, working results, etc., in respect of all Government Companies. The position is summarised below :—

- (a) Against the aggregate paid-up capital of Rs. 41.16 crores as on 31st March 1985, the aggregate paid-up capital as on

31st March 1986 stood at Rs. 50.13 crores in 14 Companies, as per details given below :—

Amount invested by

Particulars	Number of Companies	State Government	Central Government	Others	Total
(Rupees in crores)					
(i) Companies wholly owned by the State Government	8	37.59	..	..	37.59
(ii) Companies jointly owned with Central Government	1	4.99	1.71	..	6.70
(iii) Subsidiary Companies	5	..	..	5.84	5.84
Total	14	42.58*	1.71	5.84	50.13

(b) The balance of long term loans outstanding against 8 Companies (excluding subsidiaries) as on 31st March 1986 was Rs. 31.63 crores (State Government : Rs. 2.65 crores; Central Government : Rs. 0.06 crore and others : Rs. 28.92 crores) as against Rs. 8.92 crores as on 31st March 1985 (State Government : Rs. 6.21 crores; Central Government : Rs. 0.06 crore and others : Rs. 2.65 crores).

(c) The State Government has guaranteed the repayment of loans and payment of interest thereon raised by the 7 Companies. As on 31st March 1986, the amount guaranteed stood at Rs. 19.61 crores and the amount outstanding thereagainst was Rs. 14.03 crores.

In consideration of the guarantees given by Government, the Companies have to pay guarantee fee at the rate of 1/2 per cent of the amount guaranteed. As on 31st March 1986, the payment of guarantee fee was in arrears to the extent of Rs. 5.19 lakhs in the case of 2 Companies as shown in Appendix 7.1.

7.2.3. A synoptic statement showing the financial results of all the 14 Companies based on the latest available accounts is given in Appendix 7.2. Out of total 14 Companies whose accounts upto 1985-86 were due, only four Companies (including one subsidiary) finalised their accounts for the year 1985-86 (serial numbers 1 to 4 of Appendix 7.2). It will be observed from Appendix 7.2 that the accounts of 10 Companies (including four subsidiaries) were in arrears.

*The figure as per Finance Accounts for 1985-86 is Rs. 42.59 crores; the difference is under reconciliation.

The position of extent of arrears of accounts of these 10 Companies is summarised below :—

Extent of arrears	Number of years involved	Number of Companies involved		Investment by				Refer- ence to serial number of append- ix 7.2
		Compa- nies	Subsi- diary Compa- nies	Government		Holding Companies		
				Capital	Loan	Capital	Loan	
(1)	(2)	3(a)	3(b)	4(a)	4(b)	5(a)	5(b)	(6)
(Rupees in crores)								
1980-81 to 1985-86	6	..	1	..	..	0.49	..	14
1982 to 1985	4	1	..	8.46	..	..	..	13
1983-84 to 1985-86	3	1	1	11.71	..	0.47	..	11,12
1984-85 to 1985-86	2	1	1	8.65	..	0.12	..	9,10
1985-86	1	3	1	5.38	0.60	0.15	..	5, 6, 7, 8
Total		6	4	34.20	0.60	1.23		

The position of arrears in the finalisation of accounts was last brought to the notice of Government in September 1986.

7.2.4. In regard to working results of the Companies, the following further points are made :—

(i) In respect of 4 Companies which finalised the accounts for 1985-86, two Companies earned profit aggregating Rs. 10.89 lakhs and particulars in respect of them, giving the comparative figures for the previous year, are given below :—

Name of the Company	Paid-up capital at the close		Profit (+)/Loss(—) for the year		Percentage of profit/ loss to paid-up capital
	1984-85	1985-86	1984-85	1985-86	
	(Rupees in lakhs)				
(1) Himachal Pradesh State Civil Supplies Corporation Limited	260.00	310.00	(—) 3.83	(+) 10.73	(+) 3.46
(2) Himachal Pradesh State Elec- tronics Development Corpora- tion Limited	19.75	29.75	(—) 8.46	(+) 0.16	(+) 0.54

Two Companies incurred losses aggregating Rs. 2.20 crores during 1985-86. The particulars in respect of them, giving comparative figures for the previous year are given below :—

Name of the Company	Paid-up capital at the close		Profit(+)/Loss(—) for the year	
	1984-85	1985-86	1984-85	1985-86
(Rupees in lakhs)				
(1) Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	352.00	358.00	(-)209.93	(-) 175.45
(2) Himachal Pradesh Agro-Industries Corporation Limited	660.00	670.00	(-) 23.76	(-) 44.26

(ii) During the year ending 31st March 1986, Himachal Pradesh State Civil Supplies Corporation Limited declared dividend of Rs. 1.50 lakhs.

7.2.4.2. The accumulated loss of Rs. 9.31 crores in respect of Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited upto 1985-86 exceeded its paid-up share capital of Rs. 3.58 crores.

7.2.5. Some of the important points made by the statutory auditors and as a result of audit by Comptroller and Auditor General of India in respect of the accounts of the Companies audited during the year, are mentioned below :—

(1) The Companies Act, 1956, empowers the Comptroller and Auditor General of India to issue directions to the auditors of Government Companies in regard to performance of their functions. Such directions were issued in respect of 6 companies during the year 1985-86 and in pursuance of directions so issued, special reports were received by November 1986 in respect of 4 Companies on matters relating to their accounts for the year 1985-86 and for earlier years finalised during the year (serial numbers 3, 4, 9 and 11 of Appendix 7.2). Some of the important defects pointed out in these reports are summarised below :—

Nature of defect	Number of Companies	Reference to serial numbers in Appendix 7.2
1	2	3
1. (a) Non-confirmation of outstanding debts ; and (b) Non-fixation of maxima and minima for stores and spares	4	3,4,9,11
2. Non-provision of various liabilities was persistantly mentioned in the notes forming part of balance sheet	3	3,4,11

1	2	3
3. Non-maintenance of accounting and internal audit manuals	2	4,11
4. Non-existence of system comparing actuals with budgets	2	3,4
5. (a) Non-compliance of observations of internal auditors ; (b) non-fixation of norms of consumption of raw material of various products manufactured ; and (c) cost of production was more than ex-factory selling price due to under utilisation of plant capacity	1	4
6. Non-existence of internal audit system	1	11
7. Writing back of the provision of interest of Rs. 3.90 lakhs from previous year and non-provision of further interest of Rs. 0.90 lakh on Government loan and taking credit of subsidy of Rs. 20.66 lakhs without Government sanction	1	3

(ii) Under Section 619(4) of the Companies Act, 1956, the Comptroller and Auditor General has a right to comment upon or supplement the reports of the Company Auditors. Under this provision, the review of annual accounts of the Government Companies is conducted in selected cases. Accounts of 4 Companies selected for review during 1985-86 brought out the following main results :—

Based upon audit observations, Himachal Pradesh State Civil Supplies Corporation Limited revised its accounts for 1985-86 and as a result thereof, profit was reduced by Rs. 2.31 lakhs.

The net loss of Rs. 30 lakhs during the year 1981-82 in case of Himachal Worsted Mills Limited was understated by Rs. 2.17 lakhs due to non-provision of interest on term loan/cash credit, under provision of liability towards purchase of raw wool, non-accounting of interest income and charging prior period expenditure.

7.3. Statutory Corporations—General aspects

7.3.1. There were 3 Statutory Corporations in the State as on 31st March 1986 :—

Himachal Pradesh State Electricity Board;
Himachal Road Transport Corporation; and
Himachal Pradesh Financial Corporation.

7.3.2. The Himachal Pradesh State Electricity Board was constituted on 1st September 1971 under Section 5(i) of the Electricity (Supply) Act, 1948. The erstwhile Mandi Kullu Road Transport Corporation, established under State Road Transport Corporations Act, 1950, was renamed as Himachal Road Transport Corporation on 24th September 1974. The functions of the erstwhile Himachal Government Transport (a departmentally managed Government Undertaking) were also taken over by the Corporation with effect from 2nd October 1974.

Under the respective Acts, the audit of these organisations vests solely with the Comptroller and Auditor General of India. Separate Audit Reports, mainly incorporating the comments on the annual accounts of each year, are issued separately to the organisations and the Government.

The accounts of the Board have been finalised upto the year 1985-86 and Audit Report on the accounts for 1985-86 was issued to the Board and the Government on 1st January 1987. The Accounts have been presented to the legislature on 9th March 1987.

The accounts of the Himachal Road Transport Corporation have been finalised upto 1985-86 and Audit Report thereon was issued to the Corporation and the Government on 6th April 1987.

7.3.3. The Himachal Pradesh Financial Corporation was constituted in April 1967 under Section 3(i) of the State Financial Corporations Act, 1951.

Under the Act, the accounts of the organisation are audited by the Chartered Accountants appointed by the State Government in consultation with the Comptroller and Auditor General of India; and the latter may also undertake audit of the Corporation separately. A separate Audit Report in respect of the accounts of Corporation is also issued by the Comptroller and Auditor General of India. The annual accounts of the Corporation have been certified by the Chartered Accountants upto 1985-86. Audit reports on the accounts have also been issued upto 1985-86.

7.3.4. A synoptic statement showing the summarised financial results of the working of the 3 Corporations, based on the latest available accounts, is given in Appendix 7.3.

7.3.5. Some further particulars relating to these entities are given in paragraphs 7.4 to 7.6.

7.4. Himachal Pradesh State Electricity Board

7.4.1. The capital requirements of the Board are met by way of loans from the Government, the public, the banks and other financial institutions.

The aggregate of long-term loans, including loans from Government, obtained by the Board and outstanding on 31st March 1986 was Rs. 369.94 crores, as against Rs. 288.55 crores outstanding on 31st March 1985, showing an increase of Rs. 81.39 crores (28.21 per cent) during 1985-86. Particulars of loans obtained from State Government and other sources and outstanding at the close of March 1985 and March 1986, are as follows :—

Source	Amount outstanding as on 31st March		Percentage increase
	1985	1986	
(Rupees in crores)			
1. State Government	177.03	227.56	28.5
2. Other sources	111.52	142.38	27.7
Total	288.55	369.94	28.21

The Government had guaranteed the repayment of loans raised by the Board to the extent of Rs. 188.02 crores and the payment of interest thereon.

The amount of principal guaranteed and outstanding there-against as on 31st March 1986 was Rs. 138.59 crores (including Rs. 4.26 crores on account of interest guaranteed in respect of loans from Industrial Development Bank of India).

7.4.2. The financial position of the Board at the close of the three years upto March 1986 and its physical performance during these three years are summarised in Appendices 7.4 and 7.5.

7.4.3. Upto 1984-85, the order of allocation of gross surplus was prescribed according to the then existing Section 67 of the Electricity (Supply) Act, 1948. The provisions of the Act have been revised to provide for showing of working results on uniform commercial accounting system applicable to accounts from 1985-86.

The working results of the Board for the three years upto 1985-86 on comparative commercial basis are summarised below:—

	1983-84	1984-85	1985-86
	(Rupees in crores)		
1. Revenue receipts	31.31	28.08	53.53*
2. Revenue expenditure, including write off of intangible assets	23.15	19.21	30.64
3. Gross surplus for the year (1—2)	8.16	8.87	22.89
4. Appropriations :			
(a) Depreciation	0.20	0.22	2.03
(b) Interest on Government loans	**	**	18.42
(c) Interest on other loans and bonds	6.32	7.91	10.71
5. Net surplus (+)/deficit (—)	(+)1.64	(+)0.74	(—)8.27
6. Total return :			
—on capital employed	1.64	0.74	20.86
—on capital invested	1.64	0.74	20.86
7. (a) Capital employed	66.93	64.02	91.19
(b) Capital invested	227.99	288.55	369.94
8. Percentage of return—			
—on capital employed	0.02	1.16	22.87
—on capital invested	0.01	0.26	5.64

The following major irregularities/omissions were pointed out in the Audit Report on Annual Accounts of the Board for the year 1985-86 referred to in Para 7.3.2.

- (a) Government of India, Ministry of Energy informed the Bhakra Beas Management Board (BBMB) in August 1983 that the State of Himachal Pradesh and Union Territory of Chandigarh should be treated at par with Punjab, Haryana and Rajasthan without altering the existing *ad hoc* quantum of benefits till a final decision

*Including prior period adjustments of Rs. 14.85 crores.

**Revenue expenditure for the years 1983-84 and 1984-85 does not include interest on State Government loans and depreciation in full which was being shown as contingent liability upto the year 1984-85.

was taken on the sharing of the rights and liabilities of all the successor States in the projects. It was noticed in audit in September 1986 that the Board, without obtaining final decision on the sharing of rights and liabilities, set off the liabilities for Rs. 10.45 crores on account of purchase of power from BBMB upto March 1985 by taking credit to revenue account.

- (b) Similarly, Rs. 3.36 crores representing outstanding liabilities upto March 1985 for power purchased (Rs. 1.61 crores in respect of Baira Siul Project and Rs. 1.75 crores in respect of Punjab State Electricity Board) were credited to revenue account without any agreement.
- (c) The Board in the accounts for the year 1982-83 had taken credit of Rs. 2.26 crores on account of subsidy for the losses sustained by it in the execution of Rural Electrification Schemes during the year 1982-83. The State Government has not agreed to the above claim so far (October 1986).
- (d) In terms of para 1.18 of Basic Accounting Principles and Policies of the Electricity (Supply) (Annual Accounts) Rules, 1985, losses arising due to any natural calamities are required to be written off in the year in which such losses occurred. Losses of assets valuing Rs. 22.74 lakhs due to natural calamities and bad debts amounting to Rs. 0.63 lakh during the year 1985-86 were not written off in the accounts of the Board.
- (e) The provisional figures of Rs. 30 crores being the value of assets taken over by the Board from Multipurpose Projects and Power Department at the time of its formation in September 1971 was finally fixed at Rs. 27.62 crores. The details of assets taken over, shown at Rs. 27.62 crores, had not been worked out.
- (f) Year-wise break up of figures of Sundry Debtors was not worked out. Segregation of the amount as good and bad and doubtful debts was also not done.
- (g) The confirmation of the amount of Rs. 15.25 lakhs recoverable from Baira Siul Project, Municipal Corporation, Shimla and Himachal Pradesh University had not been obtained even after a lapse of eight years. Break up of the amount is also not available.

- (h) Cash and bank balances included an amount of Rs. 0.85 lakh deposited into the bank during the period from 1972-73 to 1984-85 credits for which had not been afforded by the bank so far.
- (i) Current liabilities included an amount of Rs. 163.66 lakhs pertaining to pre-Board formation period, which had not been reconciled with the relevant records of Government. The details of balances are also not available.
- (j) Internal audit of statements/subsidiary statements and annexures forming part of the annual accounts and initial basic records/subsidiary records of the divisions as well as at Head Office, on the basis of which annual accounts are compiled in the Central Accounts Section of the Board, was not conducted. The internal audit of the accounts maintained in the field units is conducted after the completion of statutory audit.

7.4.4. The revenue receipts of the Board during the three years upto 1985-86 (i.e. gross surplus after meeting the operating, maintenance and management expenses) were not adequate to meet fully the other liabilities mentioned in Section 67 of the Electricity (Supply) Act, 1948. The shortfall during the three years upto 1985-86 amounting to Rs. 5.07 crores, Rs. 9.24 crores and Rs. 19.65 crores respectively, towards the following liabilities was discharged out of capital of the Board without obtaining previous approval of the State Government under Section 67(2) of the Act, *ibid*.

	1983-84	1984-85	1985-86
	(Rupees in crores)		
1. Gross surplus (+)/deficit (—)	(+)1.64	(+)0.74	(—)8.27*
2. Add depreciation provided	0.20	0.22	2.03
3. Amount available for appropriation	1.84	0.96	(—)6.24
4. Appropriated to meet payment of interest on loans not guaranteed under Section 66 of the Act, <i>ibid</i>	1.22	1.13	..
5. Contributions to repayment of loans raised under Section 65 of the Act, <i>ibid</i>	5.69	9.07	13.41
6. Shortfall met out of capital	5.07	9.24	19.65

*This amount has been arrived at after adjusting credit balance of Rs. 14.85 crores relating to previous year.

7.5. Himachal Road Transport Corporation

7.5.1. As on 31st March 1986, the capital of the Corporation under Section 23(i) of the Act *ibid*, was Rs. 30.65 crores (Rs. 21.90 crores contributed by State Government and Rs. 8.75 crores by Central Government—Northern Railway).

In addition, the Corporation had borrowed funds from the Industrial Development Bank of India (IDBI) and the amount outstanding as on 31st March 1986 was Rs. 11.91 crores. The State Government had also given guarantees for repayment of loans raised by the Corporation from other sources and payment of interest thereon.

7.5.2. The financial position of the Corporation at the close of 3 years upto 1985-86 as well as data of physical performance for 3 years upto 1985-86 are summarised in Appendices 7.6 and 7.7.

7.5.3. The working results of the Corporation for 3 years upto 1985-86 are summarised below :—

Particulars	1983-84	1984-85	1985-86
	(Rupees in crores)		
1. Total revenue	25.42	27.74	33.52
2. Total expenditure—			
(a) Other than interest	28.08	31.15	36.37
(b) Interest	1.53	1.83	2.23
(c) Total	29.61	32.98	38.60
3. Net profit (+) /loss (—)	(—)4.19	(—)5.24	(—)5.08
4. (a) Capital employed	13.52	15.42	19.08
(b) Capital invested	22.67	25.89	30.69
5. Total return on :			
(a) Capital employed	(—) 2.66	(—)3.41	(—) 2.85
(b) Capital invested	(—) 2.88	(—)3.75	(—)3.37

7.5.4. Other main points incorporated in the Audit Report on annual accounts of the Corporation for the year 1985-86, referred to in para 7.3.2., are mentioned below :—

- (a) The bank accounts had not been reconciled with the bank statements. As on 31st March 1986, there were outstanding deposits and drawals amounting to Rs. 5.63 lakhs

and Rs. 4.12 lakhs respectively, relating to the period from 1975-76 to 1985-86.

- (b) There were unlinked credits and debits amounting to Rs. 8.40 lakhs and Rs. 0.47 lakh respectively, relating to period from 1975-76 to 1985-86.
- (c) The amount shown under sundry debtors in the accounts is Rs. 70.89 lakhs while the total of personal ledger accounts of debtors worked out to Rs. 67.37 lakhs. The amount of Rs. 3.52 lakhs is thus not supported by details.
- (d) Out of the assets of Rs. 249.19 lakhs and liabilities of Rs. 249.94 lakhs (excluding capital) of the erstwhile Mandi Kulu Road Transport Corporation taken over by the Corporation on 24th September 1974, the accounting adjustments in respect of assets of Rs. 40.47 lakhs and liabilities of Rs. 23.03 lakhs has not been made so far (October 1986).
- (e) Net working results have been worked out after taking into account in revenue subsidy for losses suffered by the Corporation for adverse operating results in Lahaul and Spiti areas without the approval of the Government. The credits taken during 3 years had been Rs. 3.93 lakhs, Rs. 5.89 lakhs and Rs. 6.29 lakhs; total credit taken upto 1985-86 was Rs. 37.52 lakhs.

7.6. Himachal Pradesh Financial Corporation

7.6.1. The paid-up capital of the Corporation as on 31st March 1986 was Rs. 5.74 crores (Rs. 2.85 crores contributed by State Government; Rs. 2.85 crores by Industrial Development Bank of India (IDBI) and Rs. 0.04 crore by others) as against Rs. 4.94 crores as on 31st March 1985 (Rs. 2.45 crores contributed by State Government; Rs. 2.44 crores by IDBI and Rs. 0.05 crore by others).

The Government has guaranteed the repayment of share capital of Rs. 2.09 crores (excluding special share capital of Rs. 0.94 crore and share application money of Rs. 2.71 crores) under Section 6(i) of the Act *ibid* and the payment of annual dividend at a guarantee fee of half *per cent* of the total amount guaranteed. Government has also given the guarantee for the repayment of bonds issued by the Corporation from time to time and for payment of interest thereon. The amount outstanding on account of principal in respect of these bonds as on 31st March 1986 was Rs. 17.87 crores.

7.6.2. The financial position of the Corporation at the end of 3 years upto 1985-86 and its working results for 3 years upto 1985-86 are summarised in Appendices 7.8 and 7.9.

7.6.3. The principal business of the Corporation is to give loans for promotion of various types of industries in various sectors and effect recovery of loans and interest thereon at prescribed rates. Data of loans applied for, sanctioned and disbursed during 3 years upto 1985-86 and the cumulative figures at the end of each year is given in Appendix 7.10.

7.6.4. As shown by data in Appendix 7.10, out of outstanding loans of Rs. 46.92 crores from 979 loanees as on 31st March 1986, amounts of Rs. 10.92 crores (including interest of Rs. 4.71 crores) was overdue for recovery from 627 loanees. The percentage of overdue amount to the total outstandings has gone up from 17.68 in 1983-84 to 19.78 in 1984-85 and further to 23.28 in 1985-86.

The following further points in regard to overdues may be made :—

(a) Age-wise analysis of the overdue loans is as under :—

Serial number	Age of overdue	Amount		
		Principal	Interest	Total
(Rupees in crores)				
1.	Less than one year	1.45	1.19	2.64
2.	1 to 2 years	1.08	0.55	1.63
3.	2 years and above	3.68	2.97	6.65
Total		6.21	4.71	10.92

(b) The total amount in default (principal and interest) involved in closed litigation and liquidated cases as on 31st March 1986 was Rs. 3.13 crores.

(c) The Corporation has not determined loans and advances considered doubtful of recovery or bad. However, the Corporation has made cumulative provision of Rs. 37.72 lakhs towards reserve for bad and doubtful debts upto

31st March 1986 out of surplus. It was observed in the course of audit of annual accounts of the Corporation for the year 1985-86 that the debts amounting to Rs. 1.84 lakhs written off during the year had been charged to profit and loss account instead of adjusting the same against the reserve for bad doubtful debts, resulting in understatement of profits to that extent.

7.7. Departmentally managed Government Commercial and quasi-Commercial Undertakings

7.7.1. As on 31st March 1986, there were two departmentally managed commercial and quasi-commercial schemes/undertakings viz., Ayurvedic Pharmacy, Majra and Ayurvedic Pharmacy, Jogindernagar.

Two schemes, viz., departmental tapping of resin, departmental extraction of timber were transferred to the Himachal Pradesh State Forest Corporation Limited in May 1975 and June 1978 respectively, and one scheme namely wood-based industries Shamshi (Kullu) was merged with the Forest Department in June 1984.

7.7.2. Proforma accounts of all the departmental schemes/undertakings were in arrears as per particulars below (September 1985):—

Name	Extent of arrears
A. Schemes transferred as part of Company/Department (upto date of transfer)	
1. Departmental tapping of resin	1969-70 to 1974-75
2. Departmental extraction of timber	1969-70 to 1977-78
3. Wood based industries, Shamshi	1969-70 to 1984-85
B. Schemes existing independently	
1. Ayurvedic Pharmacy, Jogindernagar	1977-78 to 1985-86
2. Ayurvedic Pharmacy, Majra	1976-77 to 1985-86

7.8. Miscellaneous topics of Interest relating to Government Companies and Statutory Corporations

7.8.1. Shortages of Timber (Himachal Pradesh State Forest Corporation Limited—HPSFC)

The timber extracted from the forests by the Company is carried to sales depots and the pulp wood/fuel wood is stacked along

the roadside for sale. This involves carriage through manual labour, wet sliding, ropeway spans, *ghalls* and truck transportation. Handling shortages are allowed in respect of only *ghalls* (floating by river) and no handling shortages are admissible in other modes of transportation.

The Company has not prescribed any procedure for reporting such shortages to the Head Office with a view to keeping a consolidated record so that the shortages are investigated and responsibility, wherever needed, is fixed. During test check of records of two forest working divisions, Chamba and Shimla (out of total 6 divisions) and of the Sales Depot at Bhadroya during January and February 1986, following cases of inadmissible shortages of timber/pulpwood aggregating Rs. 11.61 lakhs were noticed, which have not been investigated (February 1987).

(a) In paragraph 7.7.5.4.2. of the Audit Report (Civil) for the year 1983-84, it was pointed out that the Company had not evolved any system to reconcile the timber despatched by working divisions with that received by the sale depots. In Chamba Forest Working Division, out of 28,280 cum of timber of *deodar*, *kail*, *chil* and *rai/fir/spruce* despatched from road side depots by trucks to sale depot at Bhadroya during 1984-85 and April to October 1985, only 28,011 cum of timber was received at the latter, as per details given below:—

Serial number	Specie	Despatched during April 1984 to October 1985		Receipt at sale depot		Shortages,—)/ Excesses(+)	
		Number of Scants	Volume (cum)	Number of Scants	Volume (cum)	Number of Scants	Volume (cum)
1	2	3(a)	3(b)	4(a)	4(b)	5(a)	5(b)
1.	Deodar	1,32,204	12,020.976	1,31,741	11,784.653	(—)463	(—)236.323
2.	Kail	64,688	5,855.201	64,810	5,896.149	(+)122	(+)40.948
3.	Fir	96,598	9,114.319	98,969	9,076.121	(+)2371	(—)38.198
4.	Chil	14,843	1,290.258	14,982	1,255.044	(+)139	(—)35.214

Though there had been increase in number of scants received, shortages of 309 cum of timber (*deodar* : 236 cum; *fir* : 38 cum and *chil* : 35 cum) valuing Rs. 7.94 lakhs and excess of 40 cum of *kail* valuing Rs. 1.04 lakhs have not been investigated (November 1986).

(b) For carriage of scattered timber from forest (lot No. 1/81—84) to launching depot in Chamba Division, two contracts, one to firm 'A' for manual carriage of timber up to ropeway head and the other

to firm 'B' for onward carriage of timber from ropeway head to launching depot by means of ropeway, were awarded in October 1982 and July 1982 respectively. The manual carriage contractor was paid for the carriage of 76,278 scants measuring 7,066 cum from forest to the ropeway head, but the roping down contractor roped down only 75,972 scants measuring 6,989 cum from ropeway head to the launching depot. Shortage of 306 scants measuring 77 cum and valuing Rs. 1.63 lakhs has not been investigated (November 1986).

(c) The work of *Khad* floating of timber from forest (lot No. 3/82-84) in Chamba was allotted to firm 'A' in July 1984. According to launching depot lists, 50,823 scants of fir/spruce and kail of 5,041.41 cum were available for *khad* floating, but the firm acknowledged in September 1984 receipt of only 49,867 scants which were actually available for floating. The shortage of 956 scants of 94.83 cum (based on the average volume) valuing Rs. 1 lakh has not been investigated (November 1986).

(d) In the case of pulp-wood and fuel-wood, auctions are made at road side depots. Against 9,000 quintals of kail pulp-wood extracted and carried during April to October 1983 from the forest (lot No. 10/82-83) in Shimla Division to roadside depots, 6,200 quintals were auctioned on three occasions between April 1983 to August 1984 (1,000 quintals in April 1983, 5,000 quintals in July 1983, and 200 quintals in August 1984). These quantities of pulp-wood auctioned upto August 1984 were lifted in full. Out of the balance quantity of 2,800 quintals, 2,000 quintals were auctioned in March 1985 at the rate of Rs. 70.25 per quintal to a firm of Dharampur, but the firm lifted the available quantity of only 881 quintals in May 1985. The shortage of 1,119 quintals valuing Rs. 0.79 lakh has not been investigated (November 1986).

It is worth mentioning that in other 54 auctions held during September 1983 to June 1986 by Shimla Division and involving quantities of 47,322 quintals of pulp/fuel-wood, the quantities auctioned were lifted in full and there were no shortages.

(e) The Assistant Manager, Bhandal, intimated the Divisional Manager, Chamba, in November 1985 that while despatching timber of lot No. 3/83-84-Dhandi from Mared roadside depot to Himakashth Sale Depot, Bhadroya, 276 scants of fir measuring 23.680 cum were found short when compared with the balance as per timber form 7 of the Range. The shortages valuing Rs. 0.25 lakh have not been investigated (November 1986).

The matter was referred to the Management and the Government in May 1986; their replies are awaited (November 1986).

7.8.2. Loss of interest (HPSFC)

According to the prescribed procedure, cheques/drafts received against the sale proceeds are required to be entered in the cash book and a register and deposited into the bank the next day for credit to the collection account of the Company. The divisions are also required to carry out monthly reconciliation to ensure that all the amounts shown as deposited have been accounted for in the banks. During test check of records of Fatehpur Division (set up in April 1984) it was observed in January 1986 that :—

(a) Four hundred and twenty eight drafts valuing Rs. 175.67 lakhs received during April 1984 to January 1986 were deposited in the banks after a delay ranging from 10 days to 663 days as per break up given below :—

Range of delay	Number of drafts (percentage in brackets)	Amount (Rupees in lakhs) (brackets)
1. Upto 10 days	146 (34.1)	81.37 (46.3)
2. 11 days to 30 days	83 (19.4)	22.70 (12.9)
3. 31 days to 90 days	64 (15.0)	19.49 (11.1)
4. 91 days to 180 days	35 (8.2)	21.54 (12.3)
5. 181 days to 663 days	100 (23.3)	30.57 (17.4)
Total	428	175.67

Due to delay in depositing the cheques/drafts, apart from not being able to utilise the funds, the Company had been paying interest on all belated payments for want of funds in respect of royalty for resin blazes at the rate of 20 per cent. The loss of interest on account of delayed deposits (excluding drafts which were deposited within 10 days) worked out to Rs. 9.79 lakhs.

(b) No reconciliation has been done to ensure accountal by the bank of all deposits made into the latter (November 1986).

The matter was referred to the Company and the Government in May 1986; their replies are awaited (November 1986).

7.8.3. Loss of Rs. 3.33 lakhs due to sale of resin at lower rates (HPSFC)

Consequent upon the nationalisation of resin operations in Himachal Pradesh in 1982, the resin extracted by the private tappers from private blazes is purchased by the Himachal Pradesh State Forest Corporation Limited. Taking into account the installed capacity of the private units, the Government decided in March 1983 that sixty per cent of the resin so purchased would be sold to the private factories at the rates approved by the pricing committee of the State Government. During the years 1982-83 and 1983-84, lumpsum rates of Rs. 450 and Rs. 540 per quintal respectively, were fixed, but during 1984-85 and 1985-86, the Government, while intimating the price to be charged from the private factories, indicated detailed break-up of rates which, *inter alia*, included the purchase tax of Rs. 61.60 per quintal.

Sale of resin to private factories has been done in Fatehpur and Dharamsala divisions and a review of records of these divisions by Audit in January 1986 brought out that during the period 1984-85 and April to December 1985, the Company sold 2,175 and 3,225 quintals respectively, of resin to the private factories at Rs. 952.40 and Rs. 953.40 per quintal respectively, after excluding the element of the purchase tax of Rs. 61.60 per quintal. This resulted in loss of Rs. 3.33 lakhs to the Company upto December 1985.

The matter was referred to the Company and the Government in May 1986; their replies are awaited (November 1986).

7.8.4. Loss of Rs. 1.59 lakhs in sale of Khair wood at lower rates (HPSFC)

The State Government decided in January 1984 to allot twenty-five per cent of the total *khair* wood felled and extracted by the Company to firm 'A' at the rates obtained in the open auction sale of the convenient *khair* lots from roadside depots during 1983-84. Accordingly, the Fatehpur Division of the Company (in which only the *khair* is extracted) supplied 1,403 cum of *khair* wood to the firm during 1983-84 and 1984-85 seasons at Rs. 2,876.90 per cum, based on the weighted average of rates obtained during the period from January to December 1984 in open auction for *khair* as well as of coppice lots (small wood of undergrown and small trees), instead of weighted average rate of only *khair* lots actually sold, which worked out to Rs. 2,990 per cum. Thus, sale of 1,403 cum of *khair* wood at

Rs. 2,876.90 as against the average rate of Rs. 2,990 per cum resulted in loss of Rs. 1.59 lakhs to the Company.

The matter was referred to the Company and the Government in May 1986; their replies are awaited (November 1986).

7.8.5. Extra payment of Rs. 1.20 lakhs on transportation of timber (HPSFC)

For transportation of timber in Shimla Division in which transport of timber involves both National Highway and link roads, the Company fixed in February and March 1984 (a) the rates of 50 paise and 55 paise per kilometre per cubic metre for transportation of sawn timber and axed timber/logs/round timber respectively, on National Highway and (b) 60 paise per kilometre per cubic metre on roads other than National Highway, applicable to all types of timber.

During the audit of records of Shimla Division in January 1986, it was noticed that during the period from June 1985 to January 1986, in all the 17 cases involving 4,448 cum of timber, the work involved carriage of timber partially on National Highway (on distances ranging from 112 to 200 kilometres) and partially on roads other than National Highway (on distances ranging from 5 to 95 kilometres), the total distances covered in 17 cases being 2,391 kilometres on National Highway and only 677 kilometres on link roads. However, transportation charges were paid at a uniform rate of 68 paise per kilometre per cum for the whole of the distances. Payment of higher rate for the portions of transportation on National Highway resulted in over payment of Rs. 1.20 lakhs.

The matter was referred to the Company and the Government in May 1986; their replies are awaited (November 1986).

7.8.6. Extension fee of Rs. 1.15 lakhs not recovered from Labour Contractors (HPSFC)

The work of felling and sawing of timber of 11 lots of 1981-82 and 3 lots of 1982-83 in Chamba Division was awarded to various contractors between July 1981 and July 1982 and the work was to be completed by 31st March 1982 and 31st March 1983 respectively. As per the terms and conditions of the agreement entered into with them, the extension fee as imposed by the Forest Department on account of taking extension was recoverable from the contractors.

The contractors could not complete the work by due dates as the labour employed was insufficient and extension upto June 1982 and June 1983 was obtained by the Company from the Forest Department. The extension fee of Rs. 1.15 lakhs demanded by the Forest Department was paid by the Company in September 1985. As the delay in completion of work was solely due to failure of the contractors to employ sufficient labour, the extension fee paid by the Company was recoverable from them. No action in this regard has, however, been taken (November 1986).

The matter was referred to the Company and the Government in May 1986; their replies are awaited (November 1986).

7.8.7. Excess payment Rs. 0.44 lakh due to considering gross weight instead of net weight (HPSFC)

The Company extracts charcoal from the lops and tops of *chil* trees, in addition to extraction of sawn/round timber from *chil* lots in Chamba and Fatehpur Divisions. The schedule of rates of the Company for conversion of lops and tops of *chil* trees into charcoal provided for payment of Rs. 50 per quintal of charcoal obtained.

It was noticed in audit that in Chamba Division, the payment was made on the basis of net weight of charcoal i.e. excluding the weight of the gunny bags, while in Fatehpur Division (started in April 1983), the payment was made on the basis of gross weight of charcoal i.e. including the weight of the gunny bags.

During the period from 1st April 1985 to 31st January 1986, the Company paid the conversion charges for the gross weight in respect of charcoal weighed in 1,11,036 gunny bags in Fatehpur Division. Taking 800 grams as the standard weight of each gunny bag, the total excess payment of conversion charges of charcoal worked out to Rs. 0.44 lakh.

The matter was referred to the Company and the Government in May 1986; their replies are awaited (November 1986).

7.8.8. Infuctuous expenditure of Rs. 1.73 lakhs due to delay in utilisation of rented accommodation (Himachal Pradesh Tourism Development Corporation Limited—HPTDC)

In September 1983, the Company hired 28.8 square metres of floor area in Kanishka Shopping Centre, New Delhi, at Rs. 40 per

square foot per month from the Indian Tourism Development Corporation Limited (ITDC), for housing its Tourist Information Centre and an amount of Rs. 1.86 lakhs was paid to the ITDC (Rs. 1.49 lakhs as advance rent for the period from 11th September 1983 to 10th September 1984 and Rs. 0.37 lakh as security). The Company did not take any action for interior decoration till September 1984 when a limited tender enquiry was made and the work of interior decoration (comprising of ceiling, flooring, electrical fittings, partitions and preparing counters, etc.) was awarded to a contractor in November 1984. The work was completed in March 1985 at a cost of Rs. 0.85 lakh. The Centre started functioning from April 1985.

Delay in taking up interior decoration after hiring the premises resulted in infructuous expenditure of Rs. 1.73 lakhs on rent for the period from September 1983 to October 1984.

Government stated in October 1986 that in the first instance it was decided to get the work done through the contractors already approved by the ITDC. Subsequently, an attempt was made to get this work done through the contractor who did the work for a similar Information Centre of the Jammu and Kashmir State. All these proceedings took time to arrive at the conclusion that the Company should float tenders. It was, however, observed in audit that there was nothing on record to show that the ITDC was ever contacted and that the inspection of the work of interior decoration in Jammu and Kashmir Information Centre was made only in October 1984.

7.8.9. Likely loss due to unplanned actions (HPTDC)

An order for supply and installation of central heating equipment in Hotel Holiday Home, Shimla (a unit of the Company) at a cost of Rs. 2.65 lakhs, was placed on a firm by the Managing Director while on tour to Delhi in February 1983, without calling for quotations; and an advance of Rs. 0.50 lakh was paid as per the terms and conditions of offer of the firm. No feasibility study was conducted with regard to suitability of the system in the proposed building. The work was to be completed by May 1983. The terms offered by the firm, *inter alia* stipulated that no liability would be attached to it for non-performance or delayed execution of the contract as a result of *force majeure* and if the work or any part thereof was cancelled, the firm had the right to recover compensation for cost/damages plus 10 per cent of the value of the contract.

The firm despatched two consignments of material-one of the value of Rs. 0.78 lakh in May 1983 and the other of the value of

Rs. 0.40 lakh in June 1983. However, on receipt of information in May 1983 regarding despatch of material, the Company cancelled the work order in June 1983 on the ground that the firm had failed to supply the equipment within the delivery period and did not accept the consignments of material despatched by the firm. In September 1983, the firm attributed the delay in completion of work to its workers' strike from April to August 1983 and offered to complete the work including bringing down the false ceiling and refixing it after carrying out ducting and piping without any extra cost. In respect of cancellation of the work order, the firm also demanded compensation for cancellation of the work order, as per terms of its offer.

The Company did not accept the firm's demand and abandoned the idea of installation of central heating equipment, as the ceiling was very low to accommodate the duct, etc., and as the proposed system for heating only two suites was later on considered not feasible. The amount of Rs. 0.50 lakh advanced to the firm in February 1983 remains blocked and further liability is not ruled out (November 1986).

The matter was referred to the Company and the Government in August 1986; their replies are awaited (November 1986).

7.8.10. Undue financial aid to firms (Himachal Pradesh State Electricity Board—HPSEB)

(a) The work of construction of underground power house, underground switch-yard/transformer hall and approach tunnel of Sanjay Vidyut Pariyojna was awarded to firm 'A' in March 1983 for Rs. 825.87 lakhs. Terms of agreement with the firm, *inter-alia*, provided for payment of (i) interest-free machinery advance upto a maximum of 15 per cent (Rs. 123.88 lakhs) of value of the contract and (ii) 9.5 per cent interest bearing preliminary and enabling works advance to the extent of 5 per cent of the value of the contract. The recovery of advances was to be made after 10 per cent of the value of work was paid, in such a manner that the total amount of both the advances were recovered fully by the time payment for 90 per cent of the value of work was made.

The firm was paid machinery advance and preliminary and enabling advance of Rs. 119.66 lakhs and Rs. 41 lakhs respectively, upto January 1985. The value of work done upto May 1984 (billed in the first 8 bills) was Rs. 79.40 lakhs (being 10 per cent of the approximate contract value) from which no recovery towards the advance was made, as per the terms of the agreement. The value

of work done from June 1984 to January 1985 (billed in 14 bills) was Rs. 161.42 lakhs from which the Board has recovered only the preliminary advance of Rs. 41 lakhs but not the proportionate amount of machinery advance as per the terms of the agreement. The Board, however, commenced recovery of the machinery advance from February 1985 and till August 1986 the Board had recovered Rs. 96.98 lakhs, out of the value of work done of Rs. 670.65 lakhs.

It was stated by the Government in July 1986 that as per provision in the agreement, the recovery of preliminary and enabling advance was to be made first and then the recovery of machinery advance was to be made. The reply is not tenable since the recovery of both the advances was to be made simultaneously in such a manner that the enabling advance was recovered first.

The proportionate amount of machinery advance that should have been recovered from the bills for the work executed between June 1984 and January 1985 worked out to Rs. 28.01 lakhs and interest lost by the Board on the unrecovered amounts during the above period amounted to Rs. 1.72 lakhs. Thus by not enforcing the provisions of the agreement and delaying the recovery of machinery advance by seven months, the firm was given undue financial aid of Rs. 28.01 lakhs.

(b) Similarly, under an agreement with firm 'B' for the construction of head race tunnel and surge shaft of Sanjay Vidyut Pariyojna (estimated cost Rs. 8.39 crores), the Board paid Rs. 168.94 lakhs between June 1983 to January 1985—Rs. 126.99 lakhs as machinery advance and—Rs. 41.95 lakhs preliminary advance on the same terms and conditions as mentioned in sub-para (a) above. During audit in May 1986, it was noticed that upto 31st running bill paid to the contractor till April 1986, (when 30.60 per cent of the contracted work had been completed), only Rs. 15.86 lakhs had been recovered against Rs. 29.85 lakhs recoverable (on the basis of percentage of value of work done), resulting in undue financial aid to the contractor to the extent of Rs. 13.99 lakhs.

It was stated by the Executive Engineer in May 1986 that due to bad strata in the tunnel and slow progress of work done by the contractor, the amounts of advances could not be recovered as per the terms of the agreement and that if the amount of advances had been recovered, the contractor would not have been left with any cash for making payments to labourers engaged by him. Non-recovery was, however, against the provisions of the agreement.

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

(c) Delay in recovery of cost of material from the Contractor resulting in loss of Rs. 2.44 lakhs

As per terms of the agreement entered into with the same contractor referred to in sub-para (b) *supra*, the contractor requested the Engineer-in-charge for issue of such other material and equipment as were necessary in the course of execution of work as the same were to be issued to him if the Engineer-in-charge considered it expedient and the cost thereof was to be recovered from current running account bill of the contractor.

During audit in May 1986, it was noticed that materials valuing Rs. 5.36 lakhs were issued to the contractor from August 1983 to May 1985 (Rs. 3.83 lakhs in August 1983; Rs. 0.55 lakh in March 1985 and Rs. 0.98 lakh in May 1985). The recovery was, however, not made till the thirty-first bill paid in May 1986 upto which Rs. 256.74 lakhs had been paid. On being pointed out by Audit in May 1986, the amount was recovered from the running bills of the contractor between 31st May and 31st July 1986.

However, the Board suffered a loss of Rs. 2.44 lakhs (calculated at the borrowing rate of 18 per cent) on account of interest on the amount for the period it remained with the contractor.

7.8.11. Unfruitful expenditure (HPSEB)

The Board completed the construction of sub-divisional office building by June 1975 and 3 type IV quarters by March 1976 at Manikaran at a cost of Rs. 1.07 lakhs for housing the office and staff of Nakthan sub-division. The sub-division was not shifted to the newly constructed building at Manikaran and continues to be housed in a hired building at Kullu, for which rent of Rs. 0.13 lakh (approximately) has been paid for the period from 7th July 1976 to 31st March 1986 and office building and residential quarters constructed in 1976-77 at Manikaran have been lying un-used (March 1986).

The Government stated in October 1986 that the buildings were being utilised as 'Transit Stores Depot' and for providing housing accommodation to staff posted there. However, no record showing utilisation of the buildings for store and for residential purposes have been maintained nor any date from which buildings were put to such use has been intimated (November 1986).

7.8.12. Idle Machinery (HPSEB)

A Loader valuing Rs. 7.30 lakhs was received during 1978 against a supply order of October 1978 placed by the Chief Purchase Officer for loading of aggregate from the stock piles into tippers, the material being required for construction of buildings for Sanjay Vidyut

Pariyojna, proposed to be executed departmentally. The machinery was operated only for 55 hours between 1979-80 and 1985-86, as loading of aggregate for departmental construction works had been done manually. The reasons for non-utilisation of the machine were not made available. In the absence of sufficient work load, the loader was declared surplus to the requirement of the project in February 1984. Thus, purchase of machinery lacked justification and resulted in blocking of funds of the Board.

It was stated by Government in August 1986 that the machine could not be utilised due to delay in excavation work of pressure shaft and that it had since been put to use from April 1986. It was, however, noticed in audit in September 1986 that utilisation of the loader even from April 1986 to July 1986 was only for 71 hours and was for purposes not actually envisaged at the time of its purchase.

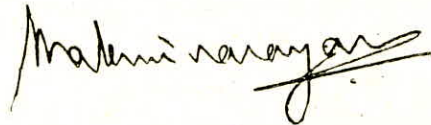
7.2.13. Idle equipment (HPSEB)

An order for the supply of (a) 50.7 lines PAX equipped with 50 subscriber lines and 7 connecting lines having facility for the system with carrier link; (b) 5 numbers auto desk telephone sets with priority key; and (c) 45 numbers auto desk telephone sets without priority key was placed in November 1978 on Indian Telephone Industries Limited, Bangalore (A Government of India Undertaking). These equipments valuing Rs. 0.76 lakh (exclusive of freight, taxes and duties) were meant for setting up inter-communication system in Giri Power House, commissioned in April 1978, under the Transmission and Construction Circle, Nahan.

However, Indian Telephone Industries Limited supplied in February 1983 only PAX equipments costing Rs. 0.53 lakh (including freight, taxes and duties) but expressed in March 1984 their inability to supply the balance items mentioned at (b) and (c) above on the grounds that components for these types of telephones were not at all available and hence their production had been stopped. Consequently, the purchase order for these items was cancelled in July 1984 by the Board and the Superintending Engineer, Transmission and Construction Circle, Nahan was authorised in November 1984 to procure the same as these were stated by the latter to be available in open market of Delhi. However, with reference to enquiries made in January 1985, one firm of Bombay and the Post and Telegraphs Telecom Factory at Bombay did not make any offer, stating that they were not dealing with the intended items. No further action in this regard has been initiated (March 1986).

The Government stated in September 1986 that the said exchange (PAX) has been installed and commissioned in the Giri Power House during March 1985 with the existing connections at various points in the power house, switchyard and valve house, etc., but utilisation of all the subscribers lines of this equipment could not be made as the production of components of these types of telephone sets had been stopped by the firm.

It was, however, noticed that only 10 lines were being operated through the said PAX system which were previously being operated through the existing PBX at Girinagar having capacity of 25 lines. Thus, both the exchanges are not being fully utilised even from March 1985 and hence the expenditure of Rs. 0.53 lakh on the purchase of equipment for the new exchange was rendered unfruitful.



Shimla
The

11 SEP 1987

(S. LAKSHMINARAYANAN)
Accountant General (Audit)
Himachal Pradesh

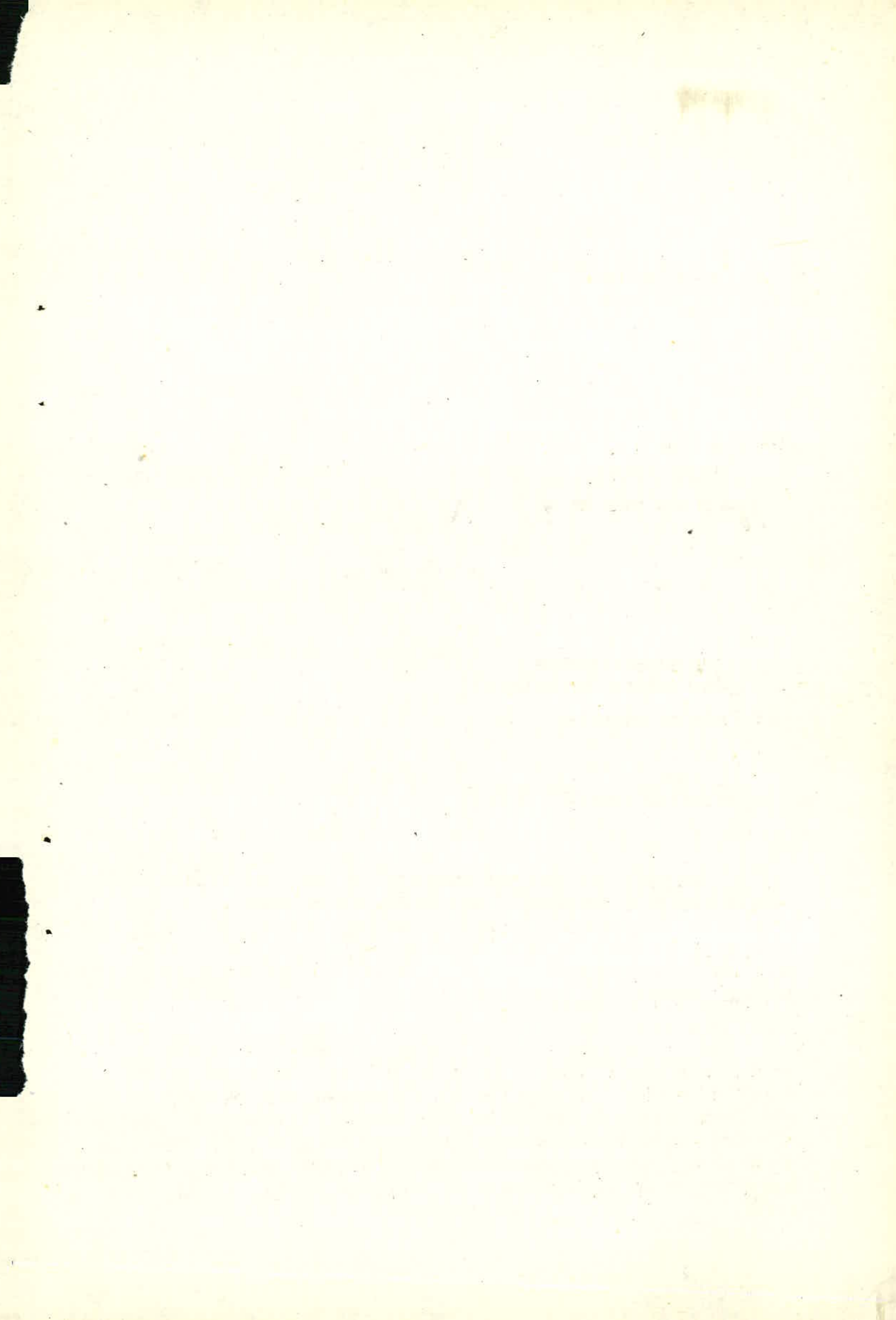
Countersigned

T. N. Chaturvedi

New Delhi
The

11 4 SEP 1987

(T. N. CHATURVEDI)
Comptroller and Auditor General
of India



APPENDICES

APPENDIX—2.1

(Reference : paragraph : 2.2.3, page : 9)

Excess of expenditure over the total grant/appropriation during 1985-86

Number and name of grant/ appropriation	Total grant/ appropriation	Expenditure	Excess
	Rs.	Rs.	Rs.
Revenue Section :			
2—Governor and Council of Ministers—			
Voted ..	59,52,000	60,26,817	74,817
10—Public Works—			
Voted ..	37,18,66,000	38,93,99,855	1,75,33,855
17—Roads and Bridges—			
Voted ..	20,67,47,597	21,18,71,088	51,23,491
18—Supplies, Industries and Minerals—			
Voted ..	13,28,60,600	13,35,26,429	6,65,829
23—Food and Nutrition—			
Voted ..	4,69,17,000	5,00,16,685	30,99,685
33—Finance—			
Voted ..	14,52,48,000	14,80,56,784	28,08,784
Capital Section :			
5—Land Revenue —			
Voted ..	9,00,000	9,21,800	21,800
9—Medical and Family Planning—			
Voted ..	2,86,38,000	3,05,56,890	19,18,890
13—Soil and Water Conservation—			
Voted ..	74,15,000	84,27,679	10,12,679
17—Roads and Bridges—			
Charged ..	5,17,655	5,26,666	9,011
21—Community Development—			
Voted ..	3,85,000	4,77,925	92,925
28—Tourism—			
Voted ..	79,70,000	81,56,568	1,86,568
35—Tribal Development—			
Voted ..	11,53,54,000	11,61,47,906	7,93,906
Total (Revenue and Capital section) ..	1,07,07,70,852	1,10,41,13,692	3,33,42,240

APPENDIX—2.2

(Reference : paragraph : 2.8, page : 20)

Drawal of funds in advance of requirements

(Amount in lakhs of rupees)

Year	Number of cases	Amount drawn	Amount lying unspent	Latest available month of out-standing
Rural Development Department				
1974-75	.. 2	0.17	0.17	November 1985 to November 1986
1980-81	.. 1	0.58	0.39	
1981-82	.. 5	1.44	1.44	
1982-83	.. 15	13.03	3.44	
1983-84	.. 11	10.52	2.03	
1984-85	.. 14	6.33	1.58	
1985-86	.. 16	2.37	2.18	
Total (i)	.. 64	34.44	11.23	
Education Department				
1983-84	.. 1	1.30	1.02	September 1985
1984-85	.. 2	2.31		
Total (ii)	.. 3	3.61	1.02	
Co-operation Department				
1982-83	.. 1	0.90	0.30	August 1986
1983-84	.. 1	1.50	1.00	
Total (iii)	.. 2	2.40	1.30	
Revenue Department				
1979-80	.. 1	0.23	0.23	September 1985
1982-83	.. 1	0.77	0.64	
Total (iv)	.. 2	1.00	0.87	
Grand Total	.. 71	41.45	14.42	

APPENDIX

(Reference : paragraph :

Statement showing particulars of up to date paid-up capital, outstanding loans, amounts results, etc., of all the Government Companies

Serial No.	Name of the Company	Paid up capital as at the end of current year				Loans out-standing at the close of 1985-86
		State Govern-ment	Central Govern-ment	Others	Total	
1	2	3(a)	3(b)	3(c)	3(d)	4
(Rupees in						
1.	Himachal Pradesh Civil Supplies Corporation Limited	310.00	..	..	310.00	16.00
2.	Himachal Pradesh Electronics Development Corporation Limited	29.75	..	..	29.75	..
3.	Himachal Pradesh Agro-Industries Limited	498.50	171.50	..	670.00	195.09
4.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (Subsidiary to HP Agro-Industries Corporation Limited)	..	..	358.00	358.00	569.93
5.	Himachal Pradesh Small Industries and Export Corporation Limited	107.67	..	..	107.67	14.10
6.	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	128.80	..	..	128.80	31.50
7.	Nahan Foundry Limited	301.50	..	..	301.50	14.00
8.	Himalaya Fertilizers Limited (Subsidiary to HP Mineral and Industrial Development Corporation Limited)	..	..	27.56	27.56	15.35
9.	Himachal Pradesh Mineral and Industrial Development Corporation Limited	864.20	..	..	864.20	2457.20
10.	Himachal Pradesh State Fruit Packing Company Limited (Subsidiary to HP State Forest Corporation Limited)	..	..	11.50	11.50	15.00

7.1

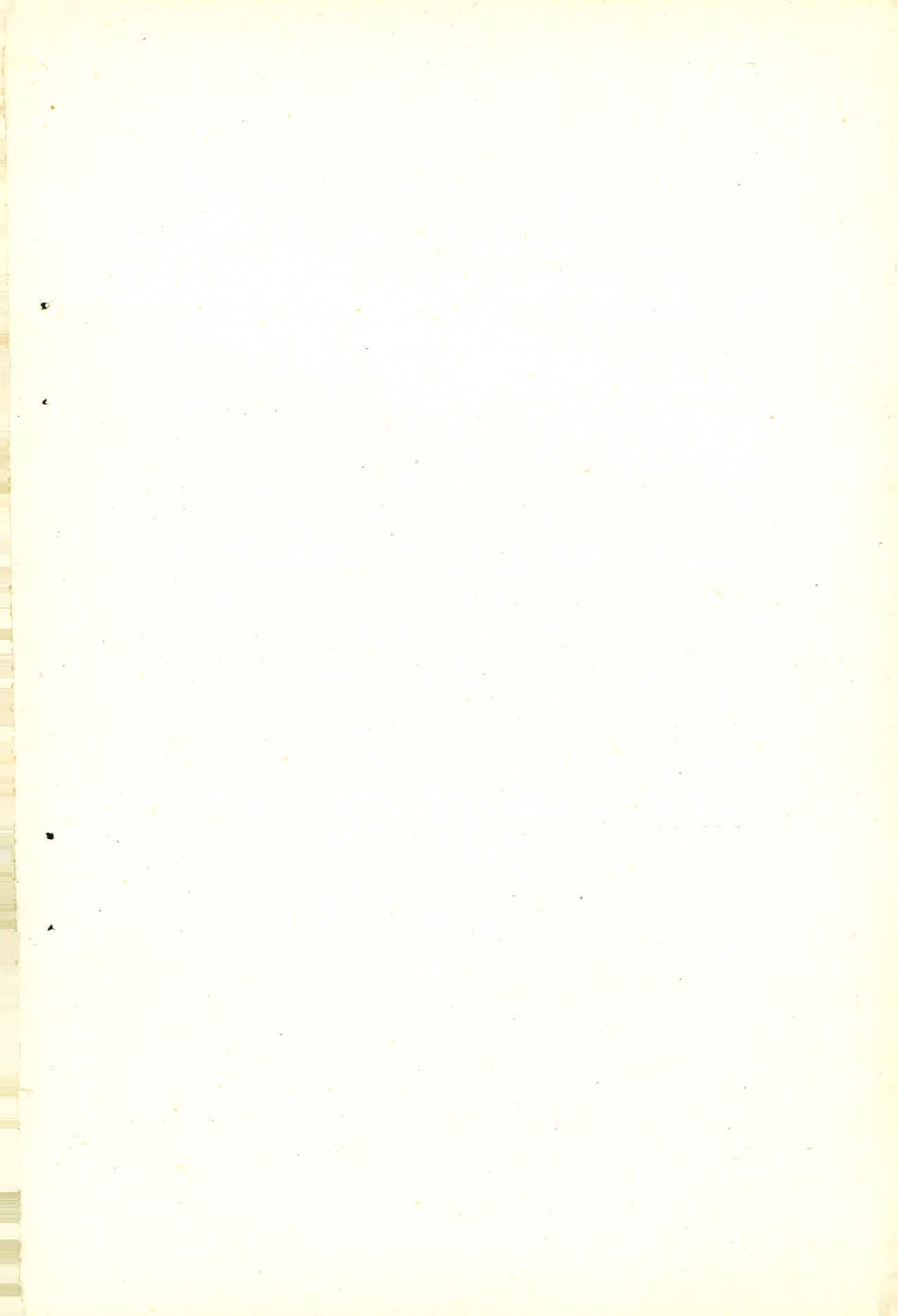
7.2.2, page : 144)

of guarantee given and amount outstanding thereagainst upto date, working

Amount of guarantee given	Amount of guarantee outstanding at the close of 1985-86	Outstanding guarantee commission payable at the close of the current year (1985-86)	Position at the end of the year for which accounts were finalised				Remarks
			Year for which accounts were finalised	paid-up capital at the end of the year	Accumulated profit(+) loss (—)	Any excesses or loss over paid up capital	
5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)	7
lakhs)							
730.00	453.67	3.25	1985-86	310.00	(+)3.98	..	..
..	..	..	1985-86	29.75	(—)1.71	..	..
53.92	13.92	..	1985-86	670.00	(—)39.63	..	..
474.14	474.14	..	1985-86	358.00	(—)937.01	579.01	..
..	..	..	1984-85	103.67	(—)4.93	..	..
..	..	..	1984-85	119.00 13.90*	(—)68.57	..	*Represents value of assets transferred from Government
50.00	40.07	..	1984-85	276.50	(—)208.89	..	..
30.00	30.00	..	1984-85	27.56	(—)23.61	..	..
..	..	..	1983-84	699.70	(+)4.09	..	..
..	..	..	1983	2.50	..	..	..

1	2	3(a)	3(b)	3(c)	3(d)	4
11.	Himachal Pradesh State Forest Corporation	1171.12	..	..	1171.12	387.00
12.	Himachal Pradesh Worsteds Mills Limited (Subsidiary to HP Mineral and Industrial Development Corporation Limited)	..	..	92.00	92.00	..
13.	Himachal Pradesh Tourism Development Corporation Limited	846.21	..	..	846.21	47.98
14.	Himachal Wool Processors Limited (Subsidiary to HP Mineral and Industrial Development Corporation Limited)	..	..	94.50	94.50	..
		4257.75	171.50	583.56	5012.81	3763.15

5(a)	5(b)	5(c)	6(a)	6(b)	6(c)	6(d)	7
600.00	387.00	1.94	1982-83	369.06	(+)1.79	..	..
..	..	..	1982-83	92.00	(-)150.01	58.01	..
23.00	4.50	..	1981	525.41	107.69	..	..
..	..	..	1979-80	94.50	(-)99.88	5.38	..
1961.06	1403.30	5.19	..	..	..	..	..



APPENDIX—7.2

Reference : paragraph : 7.2.3, page : 145)

Summarised financial results of Government Companies for the latest years for which accounts have been finalised upto 31st March 1986

Serial No.	Name of the Company	Name of the Department	Date of incorporation	Period of accounts	Year upto which accounts finalised	Total capital invested	Profit (+) loss (—) before tax and prior period adjustment	Total interest charged to profit & loss account	Interest on long term loans	Total return on capital invested (8+10)	Gross block (excluding work-in-progress)	Depreciation	Net fixed assets (12-13)	Current assets, loans and advances	Current liabilities and provisions (excluding provision for gratuity)	Capital employed (14+15-16)	Total return on capital employed (8+9)	Percentage of total return on capital invested	Percentage of return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
							(Rupees in lakhs)												
1.	Himachal Pradesh Civil Supplies Corporation Limited	Food and Supplies	6th September 1980	1985-86	..	329.98	(+)10.73	64.90	1.32	(+)12.05	37.26	16.28	20.98	979.47	189.67	810.78	75.63	3.65	9.33
2.	Himachal Pradesh Electronics Development Corporation Limited	Industries	22nd October 1984	1985-86	..	29.75	(+)0.16	..	..	0.16	6.70	1.02	5.68	50.04	29.00	26.72	0.16	0.54	0.60
3.	Himachal Pradesh Agro Industries Limited	Horticulture	24th September 1970	1985-86	..	1102.49	(—)44.26	41.65	31.65	(—)12.61	611.01	148.37	462.71	558.19	255.60	765.30	(—)2.61	..	..
4.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	Horticulture	10th June 1974	1985-86	..	1480.09	(—)175.45	122.09	97.62	(—)77.83	899.41	399.38	500.03	457.12	258.94	698.21	(—)53.36	..	..
5.	Himachal Pradesh Small Industries and Export Corporation Limited	Industries	20th October 1966	..	1984-85	123.90	(—)9.22	5.16	0.18	(—)9.04	39.05	18.43	20.62	215.01	73.34	162.29	(—)4.06	..	..
6.	Himachal Pradesh State Handicrafts and Handloom Corporation Limited	Industries	30th March 1974	..	1984-85	196.27	(—)6.94	1.73	1.73	(—)5.21	44.17	17.87	26.30	214.96	113.56	127.70	(—)5.21	..	..
7.	Nahan Foundry Limited	Industries	20th October 1952	..	1984-85	290.50	(—)24.90	5.18	1.26	(—)23.64	72.47	53.15	19.32	210.08	55.51	173.89	(—)19.72	..	..
8.	Himalaya Fertilizer Limited (Subsidiary to HP Mineral and Industrial Development Corporation Limited)	Industries	23rd November 1972	..	1984-85	104.26	(+)1.02	12.32	3.36	4.38	82.17	39.17	43.00	71.40	25.85	88.55	13.34	4.20	15.06
9.	Himachal Pradesh Mineral and Industrial Development Corporation Limited	Industries	25th November 1966	..	1983-84	1725.99	(+)4.11	83.56	68.28	72.39	115.01	40.00	75.01	1618.22	203.88	1489.35	87.67	4.19	5.89
10.	Himachal Pradesh State Fruit Packing Company Limited (Subsidiary to HP State Forest Corporation Limited)	Forest	3rd November 1982	..	1983	20.50	(Commercial production not commenced)					..	..	..	..	..	..	..	..
11.	Himachal Pradesh State Forest Corporation Limited	Forest	25th March 1974	..	1982-83	370.85	(+)2.31	67.69	..	(+)2.31	155.94	66.54	89.40	2690.66	1789.25	990.81	(+)70.00	0.62	7.06
12.	Himachal Worsteds Mills Limited (Subsidiary to HP Mineral and Industrial Development Corporation Limited)	Industries	11th October 1974	..	1982-83	216.04	(—)51.45	35.15	14.90	(—)36.55	166.15	33.47	132.68	123.63	69.93	186.38	(—)16.30	..	..
13.	Himachal Pradesh Tourism Development Corporation Limited	Tourism	1st September 1972	..	1981	541.58	(—)13.71	2.22	2.19	(—)11.52	474.34	101.64	72.70	164.01	85.10	451.61	(—)11.49	..	..
14.	Himachal Wool Processors Limited (Subsidiary to HP Mineral and Industrial Development Corporation Limited)	Industries	11th October 1974	..	1979-80	190.12	(—)38.37	10.92	4.51	(—)33.86	148.09	18.58	29.51	126.44	73.74	182.21	(—)27.45	..	..

Note : Capital invested represents paid-up capital plus long-term loans plus free reserves.

APPENDIX—7.3

APPENDIX

(Reference : paragraph :

Summarised financial results of Statutory Corporations for

Serial No.	Name of the Corporation	Name of the Department	Date of incorporation	Period of Accounts	Total capital invested	Profit(+) Loss(-)
1	2	3	4	5	6	7
(Rupees in						
1.	Himachal Pradesh State Electricity Board	Multipurpose Projects and Power	1st September 1971	1985-86	36994.18*	(—)826.96
2.	Himachal Road Transport Corporation	Transport	2nd October 1974	1985-86	3068.79*	(—)508.17
3.	Himachal Pradesh Financial Corporation	Industries	1st April 1967	1985-86	4846.34*	(+)81.91

Notes: *Capital invested represents paid-up capital *plus* long-term loans *plus* free reserves.

**Capital employed represents net fixed assets (excluding capital works-in-progress) *plus* working capital.

***Capital employed represents the mean of aggregate of opening and closing balance of (a) paid-up capital (b) bond and debentures and (c) reserves.

7.3

7.3.4, page : 149)

the latest years for which accounts were finalised upto 31st March 1986

Total interest charged to profit and loss account	Interest on long term loans	Total return on capital invested (7+9)	Capital employed	Total return on capital employed (7+8)	Percentage of return on capital invested	Percentage of return on capital employed
8	9	10	11	12	13	14
lakhs)						
2912.72	2912.72	2085.76	..	2085.76	5.64	22.87
223.42	170.83	(—)337.34**	1908.36	(—)284.75	..	..
282.48	282.48	(+)364.39***	4404.56	(+)364.39	7.52	8.27

APPENDIX

(Reference : paragraph :

Financial position of the Himachal Pradesh

Liabilities				
		1983-84	1984-85	1985-86
		(Rupees in crores)		
1. Loans from Government	..	137.12	177.03	227.56
2. Other long-term loans (including bonds)	..	90.86	111.52	142.38
3. Grants and subsidies from State/Central Government		10.73	13.03	14.13
4. Consumers' contribution towards cost of capital assets	..	0.54	0.66	0.76
5. Reserves and Reserve Funds	..	0.91*	1.03*	15.19
6. Current liabilities	..	***63.00	***82.54	**99.59
Total	..	303.16	385.81	499.61
Capital employed****	..	66.93	64.02	91.18

*These figures were earlier classified under other capital receipts.

**Current liabilities also include payments due on capital liabilities.

***Includes provision for GPF, CPF, etc. During 1985-86, the provision on this account has been included under "Reserves and Reserve Funds" as per revised accounts classification.

****Capital employed represents net fixed assets (excluding capital works-in-progress) plus working capital.

7.4

7.4.2, page : 150)

State Electricity Board at the close of three years upto March 1986

Assets				
		1983-84	1984-85	1985-86
		(Rupees in crores)		
1. Gross fixed assets	..	90.96	95.51	118.01
2. Less Depreciation	..	7.72	7.94	10.31
3. Net fixed assets	..	83.24	87.57	107.70
4. Capital works-in-progress	..	160.80	216.94	275.26
5. Assets not in use	..	0.19 (Cr.)	0.14 (Cr.)	0.01
6. Investments	..	6.55	8.37	9.43
7. Current assets	..	46.37	58.92	83.82
8. Deferred costs	..	0.60	0.62	1.80
9. Intangible assets	..	1.12	1.69	1.48
10. Accumulated losses	..	4.67	11.84	20.11
Total	..	303.16	385.81	499.61

APPENDIX—7.5

(Reference : paragraph : 7.4.2, page :150)

Operational performance of the Himachal Pradesh State Electricity Board for the three years upto 31st March 1986

Particulars (1)	1983-84 (2)	1984-85 (3)	1985-86 (4)
(in MW)			
1. Installed capacity :			
(i) Hydro	1,26.57	1,32.57	1,32.82
(ii) Diesel*	1.50	1.50	1.50
Total	1,28.07	1,34.07	1,34.32
(in MKWH)			
2. Power generated :			
(i) Hydro	5,86.70	4,88.79	5,96.79
(ii) Diesel	0.04	0.05	0.04
Total	5,86.74	4,88.84	5,96.83
3. Auxiliary consumption	1.54	1.73	2.13
4. Net power generated	5,85.20	4,87.11	5,94.70
5. Power purchased	4,23.78**	4,08.29**	3,92.12
6. Total power available for sale	10,08.98	8,95.40	9,86.82
7. Normal maximum demand	1,35.00 (MW)	1,50.00 (MW)	1,73.00 (MW)
8. Power sold :			
(i) Within the State	3,94.97	4,70.02	5,63.31
(ii) Outside the State	4,09.05	2,17.28	2,23.93
Total	8,04.02	6,87.30	7,87.24
9. Transformation, transmission and distribution losses	2,04.96	2,08.10	1,99.58
10. Load factor	47.49%	49.22%	49.90%
11. Percentage of transmission and distribution losses to power available for sale	20.31	23.24	20.22

Notes: *Includes installed capacity of one Diesel Power House of 1.36 MW which remained idle during the last three years ending 1985-86.

**Power purchased during 1983-84 and 1984-85 has been computed with BBMB losses.

(1)	(2)	(3)	(4)
		(KWH)	
12. Number of units generated per KW of installed capacity (excluding one idle Diesel Power House) ..	4,631	3,684	4,489
13. Number of villages/towns electrified ..	13,666	14,614	15,316
14. Number of pumpsets/wells—			
—energised ..	2,218	2,324	2,428
—awaiting energisation ..	477	539	391
15. Number of sub-stations (33 KV and above) ..	16	19	62
16. Transmission/distribution lines (Kms) ..			
(i) High/Medium Voltage ..	12,187	13,098	13,699
(ii) Low Voltage ..	25,144	27,557	29,445
17. Connected load (MW) ..	556	637	711
18. Number of consumers ..	5,93,871	6,44,315	7,00,270
19. Number of employees ..	21,478	23,378	23,428
20. Total expenditure on staff (Rupees in lakhs) ..	1,316.08	1,254.42	1,903.22
21. Percentage of expenditure on staff to total revenue expenditure ..	44.36	35.59	30.79
22. Break up of sale of energy according to categories of consumers :			
	(MKWH)		
(a) Agriculture ..	11.98	17.64	21.02
(b) Industrial ..	207.05	265.63	339.05
(c) Commercial ..	45.51	43.43	48.98
(d) Domestic* ..	92.48	100.89	113.29
(e) Others ..	447.00	259.71	264.90
Total ..	804.02	687.30	787.24
	(In paise)		
23. (a) Revenue per Kwh** ..	38.94	40.85	49.13
(b) Expenditure per Kwh ..	59.79	73.60	78.50
(c) Profit (+)/Loss(—) ..	(—)20.85	(—)32.75	(—)29.37

*Includes free supply to Board's staff and officers.

**Revenue per Kwh sold has been arrived at after excluding subsidy from the State Government.

APPENDIX

(Reference : paragraph

Financial position of the Himachal Road Transport Corporation for the three

Liabilities	1983-84	1984-85	1985-86
(Rupees in crores)			
1. Capital	22.60	25.84	30.65
2. Reserves	3.78	5.32	6.51
3. Borrowings	8.05	12.20	16.36
4. Trade dues and other liabilities	9.10	11.47	14.31
Total	43.53	54.83	67.83
Capital employed*	13.52	15.42	19.08
Capital invested**	22.67	25.89	30.69

Notes:—*Capital employed represents net fixed assets *plus* working capital.

**Capital invested represents paid-up capital *plus* long term loans *plus* free reserves.

7.6

7.5.2, page : 154)

years ending 31st March 1986

Assets	1983-84	1984-85	1985-86
(Rupees in crores)			
1. Gross block	25.32	30.09	33.80
2. Less depreciation	13.16	15.69	17.13
3. Net fixed assets	12.16	14.40	16.67
4. Investments	3.76	5.55	6.96
5. Current assets, loans and advances	10.46	12.49	16.72
6. Accumulated losses	17.15	22.39	27.48
Total	43.53	54.83	67.83

APPENDIX 7.7

(Reference : paragraph : 7.5.2, page : 154)

Operational performance of the Himachal Road Transport Corporation for the three years ending 31st March 1986

	1983-84	1984-85	1985-86
1. Average number of vehicles held ..	1,198	1,297	1,316
2. Average number of vehicles on road ..	1,074	1,199	1,245
3. Percentage of utilisation ..	89.65	93	95
4. Kilometres covered (in lakhs)			
(a) Gross ..	6,99.24	7,44.32	8,02.98
(b) Effective ..	6,87.62	7,32.35	7,88.34
(c) Dead ..	11.62	11.97	14.64
5. Percentage of dead kilometres to gross kilometres	1.66	1.61	1.82
6. Average kilometres covered per bus per day	180	157	177
7. Average revenue per kilometre (in rupees) ..	3.64	3.73	4.17
8. Average expenditure per kilometre (in rupees)	4.23	4.43	4.80
9. Loss per kilometre (in rupees) ..	0.59	0.70	0.63
10. Route kilometres ..	91,000	96,000	1,01,000
11. Number of operating depots ..	19	20	20
12. Average number of accidents per lakh kilometres ..	0.28	0.30	0.20
13. Average number of break-downs per 10,000 kms ³	0.64	0.64	0.51
14. Passenger kilometres scheduled (in lakhs)	3,82,00.00	3,56,65.00	3,30,05.00
15. Passenger kilometres operated (in lakhs) ..	2,78,85.00	2,56,80.00	2,37,65.00
16. Occupancy ratio (per cent) ..	71	72	73

APPENDIX—7.8

APPENDIX

(Reference: Paragraph :

Financial position of the Himachal Pradesh Financial Corporation for

Liabilities		1983-84	1984-85	1985-86
		(Rupees in crores)		
1. Paid-up capital	..	3.74	4.94	5.74
2. Reserves and surplus	..	1.74	1.98	2.54
3. Borrowings				
(i) Bonds and debentures	..	9.35	14.30	17.87
(ii) Others	..	17.13	18.48	22.39
4. Other liabilities and provisions	..	0.54	0.61	0.66
Total	..	32.50	40.31	49.20
Capital employed*	..	28.94	35.75	44.05

*Capital employed represents the mean of the aggregate of opening and closing balances

7.8

7.6.2, page : 156)

the three years ending 31st March 1986

Assets		1983-84	1984-85	1985-86
		(Rupees in crores)		
1. Cash and bank balances	..	1.29	1.72	0.97
2. Loans and advances	..	29.65	36.98	46.92
3. Debentures, shares, etc., acquired under underwriting agreements	..	0.09	0.09	0.09
4. Net fixed assets	..	0.05	0.08	0.08
5. Other assets	..	1.42	1.44	1.14
Total		32.50	40.31	49.20

of paid-up capital, bonds and debentures, reserves borrowings and deposits.

APPENDIX 7.9

(Reference : paragraph : 7.6.2, page : 156)

Summary of working results of the Himachal Pradesh Financial Corporation for the three years upto 1985-86.

	1983-84	1984-85	1985-86
(Rupees in lakhs)			
1. Income			
(a) Interest on loans and advances ..	233.72	314.07	426.68
(b) Other income ..	6.11	7.79	13.75
Total—1 ..	239.83	321.86	440.43
2. Expenditure			
(a) Interest on long-term loans and advances ..	169.57	212.86	282.48
(b) Other expenses ..	35.25	61.14	76.04
Total—2 ..	204.82	274.00	358.52
3. Profit before tax (1—2) ..	35.01	47.86	81.91
4. Provision for tax ..	14.56	16.78	25.90
5. Other appropriations ..	11.08	19.37	41.63
6. Amount available for dividend ..	9.37	11.71	14.38
7. Dividend paid ..	7.01	7.01	7.01
8. Total return on capital employed (2(a)+3) ..	204.58	260.72	364.39
9. Capital employed ..	2894.58	3574.65	4404.56
10. Percentage of return on capital employed ..	7.07	7.29	8.27

APPENDIX—7.10

APPENDIX

(Reference: paragraph:

Statement indicating data of loans applied for, sanctioned and disbursed by the Himachal cumulative figures

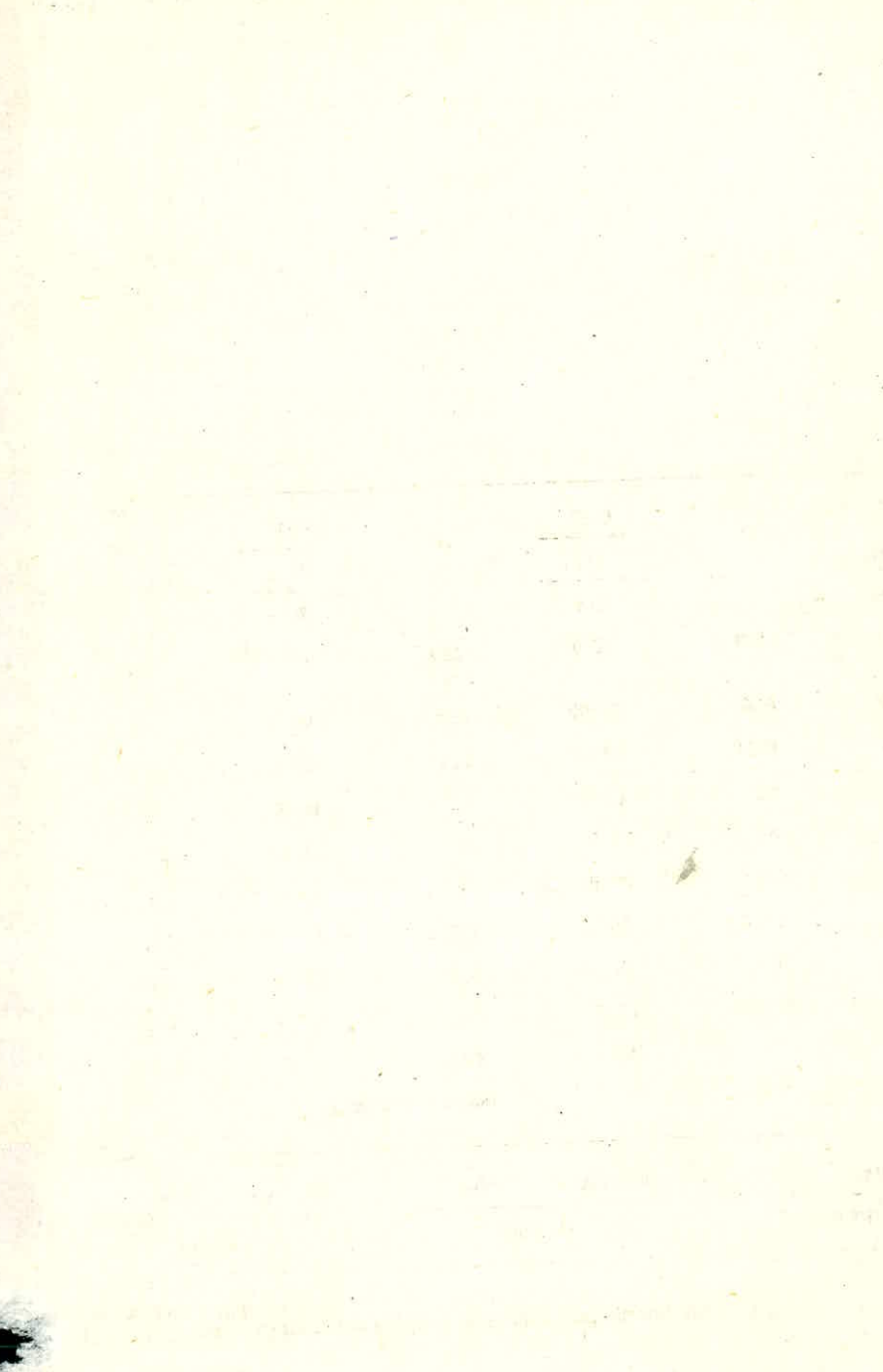
Serial number	Particulars of application	1983-84	
		No.	Amount
1.	Pending at the beginning of the year	32	3.23
2.	Received during the year	244	19.39
3.	Total	276	22.62
4.	Sanctioned during the year	158	9.94
5.	Lapsed/withdrawn/closed	40	3.81
6.	Rejected	15	0.70
7.	Pending at the close of the year	63	7.59
8.	Loans disbursed	119	6.87
9.	Loans outstanding at the close of year	707	29.66
10.	Amount over due for recovery —	428	3.33
	(a) Principal		1.91
	(b) Interest		5.24
11.	Percentage of default		17.7

7.10

7.6.3, page : 156)

Pradesh Financial Corporation during 3 years upto 1985-86 and the
at the end of 1985-86

1984-85		1985-86		Cumulative	
No.	Amount	No.	Amount	No.	Amount
(Rupees in crores)					
63	7.71	83	9.19	..	..
339	25.51	342	31.33	3139	154.70
402	33.22	425	40.52	3139	154.70
249	16.72	253	19.91	2347	96.07
45	4.78	83	8.60	575	36.82
25	2.22	10	1.42	138	7.95
83	8.70	79	8.73	79	8.73
156	8.50	175	12.45	1761	59.43
834	36.98	479	46.92	979	46.92
526	4.24	627	6.21	627	6.21
	3.08		4.71		4.71
	<u>7.32</u>		<u>10.92</u>		<u>10.92</u>
	19.8		23.3		23.3



Report of the Comptroller and Auditor General of India for the year,
1985-86 (Civil)-Government of Himachal Pradesh

Sl. No.	Page No.	Para No.	Reference	For	Read
1	2	—	6th line	Contingency Funds	Contingency Fund
2	2	—	7th line Column 5	cash	Cash
3	7	1.2.16	7th line from above	guarantee	guarantee
4	9	2.2.4	Grant No. 24 below column Description of grant	Power	Power
5	11	—	Against Sl No. 11 Col. 3, 4th line	Importance	Importance
6	13	2.2.6	1st line Col. I	Husbandary	Husbandry
7	14	2.3	1st line	Delete the commas in this line	appearing
8	16	2.3.2	12th line from above below Col. 3	Building	Buildings
9	23	3.1.6	Last line above para 3.1.7	over due	over-due
10	28	3.1.9(ii)	3rd line from above	year	years
11	31	3.1.12	5th line from bottom	un-necessary	un-necessary
12	33	3.2	8th line from below	records	records
13	35	3.3.5	Title	Comma after the word	Area
14	46	3.3.9.4	1st line from above	Sirmaur.	Sirmaur:
15	54	3.4.10	6th line from bottom	registration	registration
16	59	3.5.3	2nd line from above	of the State	of the State,
17	59	3.5.4	Last line from bottom	1553.43 lakhs)	(Rs. 1553.43 lakhs)
18	65	3.5.6.3(a)	3rd line from bottom	Accordingly	Accordingly
19	78	3.9.8	5th line from above	1984)	1984
20	80	—	13th line from above	2.13	3.13
21	97	4.1.9.	11th line from above	Kullu-I	Kullu-I,
22	100	4.2	8th line from below	alterative	alternative
23	107	4.13	2nd line from below under Col. Name of the work	Scheme. Ogli	Scheme, Ogli

<i>Sl. No.</i>	<i>Page No.</i>	<i>Para No.</i>	<i>Reference</i>	<i>For</i>	<i>Read</i>
24	108	4.15	Heading	Lift	Lift
25	109	4.15	3rd line from blow	is awaited (February 1987).	irrigation facilities.
26	140	6.3	5th line from below	converted	converted
27	140	6.4.1	Last line of the page	training	framing
28	153	7.4.3.(i)	3rd line	relevant	relevant
29	157	7.7.1	2nd line from below	industries	industries,
30	159	7.8.1(d)	2nd line from below	47322	47312
31	159	7.8.1(e)	4th line from below	Bhaoroya	Bhadroya
32	162	7.8.5	6th line from above	60 paise	68 paise
33	163	7.8.7	11th line from above	gunny	gunny
34	165	7.8.10	5th line from above	interest-free	interest-free
35	167	7.8.11	7th line from above	7th July	1st July
36	179	Appendix 7.2	Sl.No.13 Col.14	72.70	372.70
37	179	Appendix 7.2	Sl.No.14 Col.14	29.51	129.51
38	182	Appendix 7.3	Last line from below	bond	bonds
39	184	7.4	2nd line below the table	liabilities	liabilities