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on 23-6-2003

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

FOR THE YEAR ENDED 31 MARCH 2001

GOVERNMENT OF UTTARANCHAL

Page 12 of 100
The following information was obtained from the records of the
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Inspector General, Washington, D.C.

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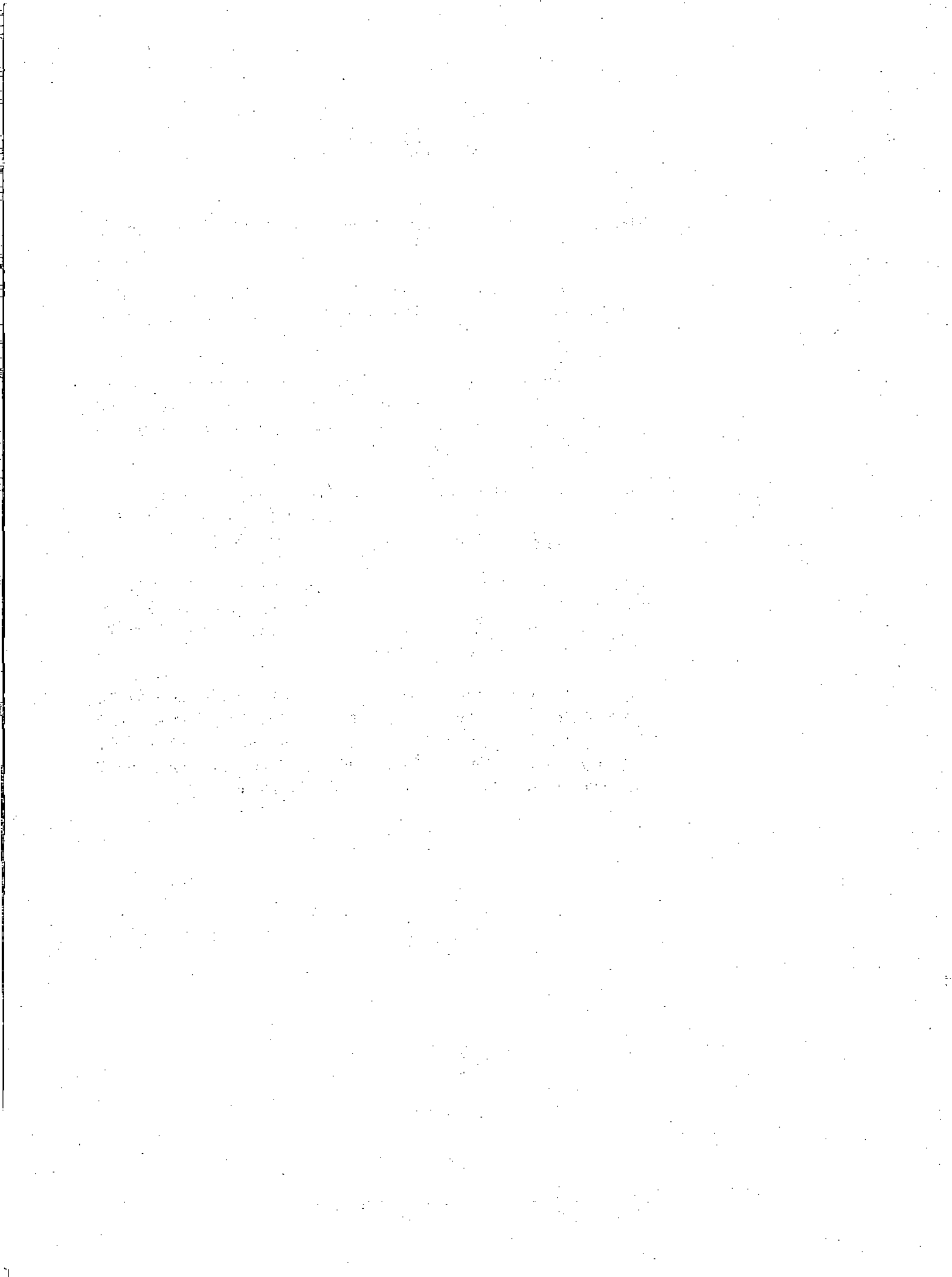
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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. The audit reviews appearing in this Report pertain to the composite state of Uttar Pradesh while the audit paragraphs relate to districts comprising the successor state of Uttaranchal.
3. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the period from 9 November 2000 to 31 March 2001.
4. Chapters III, IV and VI deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department and audit of Autonomous Bodies.
5. Chapter - V deals with the audit findings on the revenue receipts from taxes on sales, trade etc., state excise, taxes on vehicles, land revenue, other tax receipts, mineral concession, fees and royalties and other non-tax revenue of the State Government.
6. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2000-2001 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 2000-2001 have also been included wherever necessary.



OVERVIEW

This Report includes two chapters containing Audit observations based on the Finance and Appropriation Accounts of the Government of Uttaranchal for the period 09.11.2000 to 31.03.2001 and four other chapters containing 5 reviews and 11 paragraphs based on the audit of certain selected schemes, programmes and the financial transactions of the State Government. A synopsis of findings contained in the Audit Reviews and the more important paragraphs is presented in this Overview.

FINANCES OF THE STATE GOVERNMENT

The revenue receipts (Rs. 924.22 crore) constituted the most significant source of funds of the Government.

The funds were mainly applied for revenue expenditure (Rs.933.97 crore).

Revenue receipts comprised of tax revenue (Rs. 295 crore), non-tax revenue (Rs. 63 crore), state's share of union taxes and duties (Rs. 119 crore) and grants-in-aid from the Central Government (Rs. 447 crore). The main sources of tax revenue were Sales tax (50 *per cent*) and State Excise (22 *per cent*). The non-tax revenue mainly came from Forestry and Wildlife.

The capital receipts comprised Rs. 187 crore from Public Debt and Rs. 2112 crore from the Public Account.

The revenue expenditure accounted for 86 *per cent* of the total expenditure. Out of this 75 *per cent* was utilized on Non plan expenditure.

The sector wise analysis shows that the expenditure on the General services, Economic services and Social services was 25, 38 and 33 *per cent* respectively. 13 *per cent* of the revenue expenditure was utilized for interest payment.

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Broadly the following results emerge from Appropriation Audit.

There was net saving of Rs. 1039.32 crore in grants and appropriations being the result of over all savings of Rs. 1166.88 crore in 115 Major Heads partly off set by excess expenditure of Rs. 127.56 crore in 12 Major Heads.

The excess expenditure amounting to Rs.127.01 crore in 11 Major Heads (Voted) and Rs. 0.55 Crore in one Major Head (Charged) was yet to be regularised.

Expenditure of Rs 192.91 crore incurred but remained unaccounted for in the books of Principal Accountant General (A&E) due to non-receipt of vouchers from the treasuries during the period from 9-11-2000 to 31-3-2001 under various Major Heads.

Rs 3.54 crore drawn under 3 Major Heads from the State Contingency Fund during the period from 9.11.2000 to 31.3.2001 remained unrecouped at the end of the year.

In 72 cases, the expenditure fell short by more than Rs. 1 crore each and also by more than 10 per cent of the total provision in each case.

In 6 cases the expenditure exceeded the approved provision by Rs. 25 lakh or more and also by more than 10 per cent of the total provision. In one case, the expenditure exceeded the approved provision by over 634 per cent while in three other cases, it ranged between 101 and 182 per cent.

In disregard of the provision that no re-appropriation can be made to a 'New Service', Rs.12.80 crore were re-appropriated for New Services in three Major Heads to cover the unauthorized expenditure of Rs. 10.96 crore under them. Despite the savings of Rs. 35.73 crore in two Major Heads, Rs. 1.54 crore had been drawn from the State Contingency Fund.

[Paragraphs 2.1 to 2.3]

INTEGRATED WATERSHED MANAGEMENT IN THE CATCHMENT AREA OF FLOOD PRONE RIVERS, GOMTI AND SONE

A Programme on Integrated Watershed Management in the Catchment area of Flood Prone Rivers (FPR), Gomti and Sone was launched in 1980-81 by the Government of India to prevent land degradation by adopting a multi disciplinary integrated approach and involving people living in catchment area. The Programme was revised in 1992 and restricted to 12 districts, only. A review of the scheme revealed shortfall in treatment of land, short release of state's share of funds, poor financial management, high establishment cost, poor quality of work, inadequate supervision and poor involvement of local community. The main findings are:

- Size of the micro watersheds identified was much larger than the prescribed norms.
- Survey and planning of projects carried out by the Assistant Soil Conservation Inspectors was not supervised according to the prescribed norms. Even mandatory verification by Bhoomi Sanrakshan Adhikaris and Deputy Director of Agriculture (Soil Conservation) was not done.

- Establishment cost of the projects ranged between 26 and 75 *per cent* of the outlay against the norm of 25 *per cent*.
- High priority was not accorded to vegetative measures as envisaged; only 38 *per cent* of the problematic area was covered in 118 Micro Watersheds.
- Top to bottom strategy was not adopted. Structures created first in lower reaches were susceptible to damage by rain water from the top.
- A Corpus of Funds was to be established in each MW for maintenance of community assets. State Government did not release its share to Corpus of Funds established in 179 Micro Watersheds.
- Mitra Krishak Mandals constituted for involvement of the local community did not include women or landless farmers.

[Paragraph 3.1]

NON-FORMAL EDUCATION PROGRAMME

The National Policy on Education 1986 envisaged systematic programme of Non-Formal Education (Programme) as an integral component of the strategy to achieve the Universalisation of Elementary Education (UEE). It was to cater to the children who remained outside the formal system of education due to various socio-economic constraints. Audit review revealed that the number of NFE centers opened was much less than the target. Text books and learning/writing material were either not supplied or were inadequately supplied. State Government not only failed to release the full amount of central share received but was also reducing its own contribution from 1996-97 onwards. Some of the major audit findings are as under:

- Despite short release of funds by the Government, Savings ranged between 8 and 23 *per cent*.
- There was shortfall in the opening of NFE centers and reported figures of enrolment of children in NFE centers were found inflated.
- Percentage of children who continued their studies after completing NFE course ranged between 17 and 36.
- Text Books and learning/writing materials to be supplied free of cost were either not supplied or supplied in inadequate quantities.
- Rs. 10.06 crore were diverted for purchase of vehicles and payment of electricity, telephone and fuel charges.

- Rs. 22.86 crore were irregularly remitted to State Revenue.
- Instead of granting advances, the department provided motor cycles/mopeds to Project Officers resulting in avoidable expenditure of Rs. 89.40 lakh.

[Paragraph 3.2]

WORKING OF IRRIGATION DEPARTMENT INCLUDING MANPOWER MANAGEMENT

The management of Irrigation Department in respect of projects, finances, manpower and stores and stock was poor. The irrigation projects were completed with high cost and time over-run. Utilisation of irrigation potential created was 65 per cent in 1996-97 and declined to 31 per cent in 1999-2000 mainly due to leakage/seepage and non-availability of water till the tail end of the canal. Several divisions continued to function without work, rendering expenditure on their establishment unfruitful. A large number of heavy earthmoving machines and other construction equipment remained unused but the department had the work done through contractors. Machinery, equipment, spare parts and vehicles declared surplus/unserviceable were lying undisposed of for the last 1 to 30 years. Some of the main highlights are given below:

- Five projects were completed with cost over-run of 519 to 2130 per cent and time over-run of 16 to 26 years.
- 15 ongoing projects remained incomplete even after time over run of 5 to 22 years from the stipulated date of their completion.
- Four projects were stopped after incurring Rs. 71.32 crore without any addition to the already available irrigation potential.
- Rs. 11.10 crore of Irrigation Funds were diverted to maintenance of colonies and renovation of administrative buildings.
- Rs 5109.05 crore were spent on ongoing projects without administrative, technical and financial sanctions.
- 4570 officials declared surplus in 1999-2000 against 111 defunct divisions/units/circles, were not identified and removed. Rs. 78.70 crore were irregularly paid as salary during 1999-2001.
- Out of 494 heavy earth moving machines, compaction and ancillary construction equipment, 195 were declared beyond economic repair as

of 1 April 1996, while 109 of them had run only 2 to 90 *per cent* of their normal standard life.

[Paragraph 4.1]

ENVIRONMENTAL ACTS AND RULES IN REGARD TO AIR POLLUTION AND WASTE MANAGEMENT

The objective of the Environmental Acts and Rules is to regulate the sources generating pollution and issue directions to the owners for adopting control measures and clean process technology where necessary. A review of the activities of the Regulatory Authority, Uttar Pradesh pollution Control Board (UPPCB) revealed that no survey had been conducted by UPPCB to identify the polluting industries. Further, most of the industries were operating without consent and without installing air pollution control systems, in contravention of Acts and Rules. The performance of Transport Department was also not satisfactory, as it could not exercise prescribed checks on vehicles, which is the main source of air pollution. Thus, the objectives envisaged in the Acts and Rules were not achieved. The main findings have been highlighted below:

- Rs. 27.31 crore released by the Government of India for clean process technology and adoption of pollution control measures, were diverted for meeting the establishment expenses of Uttar Pradesh Pollution Control Board.
- Out of Rs. 600.00 crore allocated in IX plan for Taj Trapezium Zone, only 15 projects costing Rs 452.86 crore were approved by Mission Management Board Rs 183.60 crore thereof were released during 1998-2001 and Rs. 132.58 crore were utilized.
- Against 8303 industries, which required Air Pollution Control System, only 3403 (41 *per cent*) were installed and 699 were non-functional.
- 218 stone crushers in Jhansi (141) and Allahabad (77) region were causing air pollution as Uttar Pradesh Pollution Control Board failed to enforce remedial measures.
- In Obra Thermal Power Station Sonbhadra district, a surprise check by Central Pollution Control Board in December 1999 revealed that Suspended Particulate Matter ranged between 7307 and 8660 $\mu\text{g per m}^3$, which was 49 to 58 times above the prescribed norm.
- Though site identification work was carried out in 12 districts, only one site at Kanpur Dehat had been acquired in March 1997 for disposal of hazardous waste and disposal facility was yet to be created.

[Paragraph 6.1]

ACCELERATED RURAL WATER SUPPLY PROGRAMME

Availability of adequate and safe drinking water is an index of socio-economic development of a country and is the responsibility of the State Government. Being a priority item, Government of India implemented various schemes and programmes from time to time to supplement the State Government efforts to provide potable water to the rural population. So, Accelerated Rural Water Supply Programme (ARWSP) was reintroduced by Government of India in 1977-78 when the progress of supply of safe drinking water under Minimum Needs Programme (MNP) was not as per expectation. Under ARWSP, 66037 rural habitations were to be covered by 1999-2000 but 3506 habitations remained uncovered and 89 even in 2001. Coverage reported by the State Government was inflated. The objective to provide safe drinking water to all rural habitations could not be achieved due to faulty planning, diversion of funds to disburse salary, in-effective monitoring and shortcomings in execution of works and operation and maintenance of schemes.

- Uttar Pradesh Jal Nigam (UPJN) irregularly charged centage of Rs. 54.93 crore. Rs. 168.30 crore was incurred as establishment charges of UPJN.
- No survey was carried out to ascertain whether the habitations covered were actually getting safe drinking water in the desired quantity.
- Out of 154572 hand pumps installed, 42227 hand pumps were not in working condition.
- Problem villages in district Unnao could not be provided safe drinking water even after spending Rs 43.86 crore.
- Water supply schemes of Tipari, New Tehri (Rs 91.48 lakh) and Dungatoli, Pithoragarh (Rs 46.30 lakh) remained incomplete.

[Paragraph 6.2]

PARAGRAPHS

AVOIDABLE/UNFRUITFUL/INFRUCTUOUS/EXPENDITURE

95 Per cent fund sanctioned for construction of a Primary Health Centre at Satapuli in district Pauri were exhausted on site development alone. This resulted in unproductive expenditure of Rs. 47.30 lakh on incomplete works whereas PHC at Pipali Rajak in district Uttarkashi constructed at a cost of Rs. 29.35 lakh could also not be put for proper functioning due to non-posting of the Medical Officer.

[Paragraph No. 3.5]

Lapses on the part of Special Land Acquisition Officer, Tehri Dam Project, Tehri in dealing with land acquisition cases led to avoidable interest payment of Rs. 2.37 crore.

[Paragraph No. 3.6]

Construction of Bhankoli main canal in district Uttarkashi without ascertaining the requirement of cultivators, accounted for non-utilisation of canal for the irrigation purposes whereas commencement of construction of two other hill canals in district Almora without possession of land led to stopping of work. Thus expenditure of Rs. 72.17 lakh was rendered unfruitful.

[Paragraph No. 4.2]

Construction of a building by Construction Division, PWD, Srinagar, Pauri without conducting adequate geological survey of the site resulted in wasteful expenditure of Rs. 12.74 lakh.

[Paragraph No. 4.5]

BLOCKING OF FUNDS

Premature release of funds to the executing agency in anticipation of acquisition of land for construction of District Jail at Pithoragarh resulted in locking up of Rs. 75.10 lakh for three years and interest burden of Rs. 27.37 lakh to the Government.

[Paragraph No. 3.3]

Owing to non-posting of specialists, Community Health Centre building constructed in Betalghat, Nainital at a cost of Rs. 53.11 lakh remained unused for over 5 years.

[Paragraph No. 3.4]

Due to inadequate planning and faulty proposal of the Provincial Division, Lansdown the expenditure of Rs. 1.09 crore incurred on incomplete road was rendered unproductive.

[Paragraph No. 4.4]

NON-ACHIEVEMENT OF OBJECTIVE

Lackadaisical approach of the department in providing staff for management of girls hostel at Tilotha, Uttarkashi resulted in non-achieving the intended objective

of extending residential facility to girl students even after expending Rs. 28.58 lakh.

[Paragraph No. 3.7]

OTHER POINTS OF INTEREST

Advance payment by Mechanical Equipment and Stores Division-I, Dehradun through band drafts to Consignment Sale Agent instead of paying direct to Corporation/Companies led to fraudulent encashment of bank drafts and loss to the tune of Rs. 93.66 lakh.

[Paragraph No. 4.3]

CHAPTER I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

As per U.P. Reorganisation Act, 2000 (Act No. 29 of 2000) 13 districts of U.P. having a population of 8479562[#] were transferred to the new state of Uttaranchal on and from the appointed date of 9.11.2000. This chapter discusses the financial position of the Government of the Successor State of Uttaranchal for the period from 09.11.2000 to 31.03.2001, based on the analysis of the information contained in the Finance Accounts. The analysis is based on the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on the analysis of indicators of financial performance of the Government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are described in the *Annexure* to this chapter.

1.2 Financial position of the State

In the Government accounting system comprehensive accounting of the fixed assets like land and buildings etc., owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. *Exhibit-I* gives an abstract of such liabilities and the assets of the successor State of the Uttaranchal as on 31 March 2001, compared with the corresponding position on the appointed date of 9.11.2000. While the liabilities in these statements consist mainly of external and internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances.

[#] Provisional population figure - 2001

EXHIBIT - I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
UTTARANCHAL AS ON 31 MARCH 2001

(Rupees in crore)

As on 9 November 2000		Liabilities		As on 31 March 2001
1113.86		Internal Debt		1200.08
	693.27	Market Loans bearing interest	709.27	
	0.39	Market Loans not bearing interest	0.39	
	1.49	Loans from LIC	1.50	
	83.11	Loans from other Institutions	82.99	
	304.91	Special Securities issued	375.24	
	30.69	Ways and Means Advance	30.69	
	-	Overdrafts from Reserve Bank of India	----	
1619.74		Loans and Advances from Central Government		1692.54
	59.64	Pre 1984-85 Loans	56.06	
	726.55	Non-Plan Loans	721.27	
	810.05	Loans for State Plan Schemes	892.17	
	0.16	Loans for Central Plan Schemes	0.14	
	10.46	Loans for Centrally Sponsored Plan Schemes	10.02	
	12.88	Ways and Means Advances from Central Government	12.88	
432.31	432.31	Small Savings, Provident Funds, etc.		485.14
		Deposits		131.54
		Remittances		100.49
		Suspense and Miscellaneous Balances		20.48
		Total		3630.27
3185.91 [#]		Assets		
		Gross Capital Outlay on Fixed Assets		148.72
		Investments in shares of companies, corporations, etc	1.00	
		Capital Outlays	147.72	
		Loans and advances		9.71
		Loans for Special Area Programmes	9.88	
		Other Development Loans	(-)0.17	
		Contingency Funds		3.54
		Cash		272.64
		Cash in Treasuries and Local Remittances	0.01	
		Deposits with Reserve Bank	59.98	
		Departmental Cash Balances	1.83	
		Permanent Advances	0.01	
		Cash Balance Investments	210.81	
3185.91		Deficit on Government Accounts		3195.66
		Revenue Deficit of the Current Period	9.75	
	318 5.91	Accumulated Deficit [#]	3185.91	
3185.91		Total		3630.27

Represents deficit due to apportionment of credit balances under Internal Debt, Loans and Advances from Government of India and Small Savings, Provident Funds etc.

EXHIBIT-II

ABSTRACT OF RECEIPT AND DISBURSEMENT FOR THE PERIOD
FROM 9 NOVEMBER 2000 TO 31 MARCH 2001

(Rupees in crore)

Receipt	9.11.2000 to 31.3.2001	Disbursement	9.11.2000 to 31.3.2001		
			Non-plan	Plan	Total
Section-A: Revenue					
I Revenue receipts	924.22	I Revenue Expenditure			933.97
Tax revenue	295.28	<i>General services</i>	232.80	1.43	234.23
Non-tax revenue	63.14	<i>Social services</i>			307.26
State's share of Union taxes	118.96	Education, Sports, Art and Culture	223.89	14.74	238.63
Non-Plan grants	45.48	Health and Family Welfare	29.15	5.07	34.22
Grants for State Plan Scheme	376.92	Water Supply, Sanitation, Housing and Urban Development	1.76	---	1.76
Grants for Central and Centrally sponsored Plan schemes	24.44	Information and Broadcasting	0.68	0.01	0.69
		Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	10.12	5.04	15.16
		Labour and Labour Welfare	3.73	---	3.73
		Social Welfare and Nutrition	10.63	2.44	13.07
		<i>Economic Services</i>			351.13
		Agriculture and allied Activities	83.60	22.65	106.25
		Rural Development	17.34	5.68	23.02
		Special Area Programmes	0.04	178.65	178.69
		Irrigation and Flood Control	18.04	0.22	18.26
		Industry and Minerals	2.04	0.00	2.04
		Energy	0.07	---	0.07
		Transport	20.54	---	20.54
		Science, Technology and Environment	0.41	0.07	0.48
		General Economic Services	1.50	0.28	1.78
		<i>Grants-in-aid contribution</i>	41.35	---	41.35
II Revenue deficit carried over to Section B	9.75	II Revenue surplus carried over to Section B	---	---	---
Total	933.97	Total			933.97
Section-B: Capital					
III Opening Cash balance including permanent advances and cash balance investment	---	III Opening Overdraft from RBI			---
IV Miscellaneous capital receipts	---	IV Capital Outlay			148.72
		<i>General Services</i>	0.22	1.02	1.24
		<i>Social Services</i>			0.02
		Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	---	0.02	0.02
		<i>Economic Services</i>			147.46
		Agriculture and allied Activities	20.71	---	20.71
		Special Area Programmes	---	113.37	113.37
		Irrigation and Flood Control	---	12.49	12.49
		Industry and Minerals	---	(-) 0.03	(-) 0.03
		Transport	(-) 0.11	0.90	0.79
		General Economic Services	---	0.13	0.13

V Recoveries of Loans and Advances	1.76	V Loans and Advances disbursed	11.47
From Government Servants	1.46	For Special Area Programme	10.02
From others	0.30	To others	1.45
VI Revenue surplus brought down	----	VII Revenue deficit	9.75
VII Public debt receipts	187.46	VII Repayment of public debt	28.44
Internal debt other than Ways and Means Advances and Overdrafts	86.32	Internal debt other than Ways and Means Advances and Overdrafts	0.10
Net transactions under Ways and Means Advances (RBI)	----	Net transactions under Ways and Means Advances	----
Loans and Advances from Central Govt. other than Ways and Means Advances	101.14	Repayments of Loans and Advances to Central Government.	28.34
Ways and Means Advances(GOI)	----	Ways and Means Advances (GOI)	----
VIII Appropriation to Contingency Fund	----	VIII Appropriation to Contingency Fund	----
IX Amount transferred to Contingency Fund	----	IX Expenditure from Contingency Fund	3.54
X Public Accounts receipts	2112.27	X Public Accounts disbursements	1830.58
Small Savings and Provident Funds	88.10	Small Savings and Provident Funds	55.28
Reserve Funds	----	Reserve Funds	----
Suspense and Miscellaneous	1254.07	Suspense and Miscellaneous	1237.24
Remittances	451.76	Remittances	351.26
Deposits and Advances	318.34	Deposits and Advances	186.80
XI Closing Overdrafts from RBI	----	XI Cash Balance at end	272.64
		Cash in Treasuries and Local Remittances	0.01
		Deposits with Reserve Bank	59.98
		Departmental Cash Balances including Permanent Advances	1.84
		Cash Balance Investments	210.81
Total	2301.49	Total	2305.14^v

^v There was a difference of Rs. 3.65 crore between receipts Rs.2301.49 crore and disbursements Rs.2305.14 crore, which is under reconciliation.

EXHIBIT-III

**SOURCES AND APPLICATION OF FUNDS
FOR THE PERIOD 9 NOVEMBER 2000 TO 31 MARCH 2001**

(Rupees in Crore)

Sources	9.11.2000 to 31.3.2001
1 Revenue Receipts	924.72
2 Recoveries of Loans and Advances	1.76
3 Increase in Public debt	159.01
- Market loans bearing interest	15.99
- Market loans not bearing interest	---
- Loans from LIC	0.00
- Loans from other institutions	70.22
- Ways and Means advances (RBI)	0.00
<i>Loans and Advances from Central Govt.</i>	
- Pre 1984-85 loans	(-)3.58
- Non-Plan loans	(-)5.28
- Loans for State Plan Schemes	82.12
- Loans for Central Plan Schemes	(-)0.02
- Loans for Centrally Sponsored Plan Schemes	(-)0.44
- Ways and Means Advances from GOI	---
4 Net receipts from Public account	285.34
- Increase in Small Savings	32.83
- Increase in Deposits & Advances	131.54
- Increase in Reserve Funds	---
- Net effect of Suspense and Miscellaneous transactions	20.48
- Net effect of Remittance transactions	100.49
Net effect of Contingency Transactions	---
- Increase in overdraft from RBI	---
Total	1370.34
Application	9.11.2000 to 31.3.2001
1 Revenue expenditure	933.97
2 Lending for development and other purposes	11.47
3 Capital expenditure	148.72
4 Net effect of Contingency Fund transactions	3.54
5 Net effect in closing cash balance	212.64
Total	1370.34

EXHIBIT-IV

DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	9-11-2000 to 31-3-2001
Part A. Receipts	
I. Revenue Receipts	924
(i) Tax Revenue	295(32)
Agricultural Income Tax	---
Sales Tax/Trade Tax	146(50)
State Excise	66(22)
Taxes on vehicles	22(7)
Stamps and Registration fees	42(14)
Land Revenue	2(1)
Other Taxes	17(6)
(ii) Non-Tax Revenue	63(7)
(iii) State's share in union taxes	119(13)
(iv) Grants in aid from GOI	447(48)
2. Miscellaneous Capital Receipts	---
3. Total Revenue and Non-Debt Capital Receipts(1+2)	924
4. Recoveries of Loans and Advances	2
5. Public Debt Receipts	187
Internal Debt (Excluding Ways and Means Advances and Overdrafts)	86(46)
Net Transactions under Ways and Means Advances and Overdraft	---
Loans and Advances from Government of India@	101(54)
6. Total Receipts in the Consolidated Fund (3+4+5)	1113
7. Contingency Fund Receipts	---
8. Public Account Receipts	2112
9. Total Receipts of the State (6+7+8)	3225
Part B. Expenditure	
10. Revenue Expenditure	934(86)
Plan	236(25)
Non Plan	698(75)
General Services (including Interest payments)	234(25)
Economic Services	351(38)
Social Services	307(33)
Grants-in-aid and contributions	42(4)
11. Capital Expenditure	149(14)
Plan	128(86)
Non Plan	21(14)
General Services	1(1)
Economic Services	148(99)
Social Services	---
12. Disbursement of Loans and Advances	11
13. Total (10+11+12)	1094

14. Repayments of Public Debt	28
Internal Debt (excluding Ways and Means Advances and Overdrafts)	----
Net Transactions under Ways and Means Advances and Overdraft	----
Loans and Advances from Government of India	28(100)
15. Appropriation to Contingency Fund	----
16. Total Disbursement out of Consolidated Fund (13+14+15)	1122
17. Contingency Fund disbursements	4
18 Public Account disbursements	1831
19. Total Disbursement by the State(16+17+18)	2957
Part C. deficits	
20. Revenue Deficit (1-10)	10
21. Fiscal Deficit(3+4+13)	168
22. Primary Deficit(21-23)	51
Part D. Other data	
23. Interest Payments (included in revenue expenditure)	117(13)
24. Arrears of Revenue (Percentage of Tax & Non Tax Revenue Receipt)	NA
25. Fin. Assistance to local bodies etc.	NA
26. Ways and Means Advances Overdrafts (days)	3
27. Interest on Ways and Means Advances/Overdraft	1
28. Gross State Domestic Product(GSDP)	NA
29. Outstanding Debt (year end)	3509
30. Outstanding Guarantees (year end)	NA
31. Maximum amount Guaranteed (year end)	NA
32. Number of incomplete projects	NA
33. Capital blocked in incomplete projects	NA

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

1.3 Sources and applications of funds

1.3.1 Exhibit-III gives the position of sources and applications of funds during the current period. The main sources of funds included the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These were applied mainly on revenue and capital expenditure and on lending for developmental purposes. It would be seen that the revenue receipts (Rs. 924.22 crore) constituted the most significant source of funds for the State Government.

1.3.2 The funds were mainly applied for revenue expenditure (Rs.933.97 crore) whose share was higher than the share of revenue receipts (Rs. 924.22 crore). This led to the Revenue Deficit.

1.4 Financial operations of the State Government

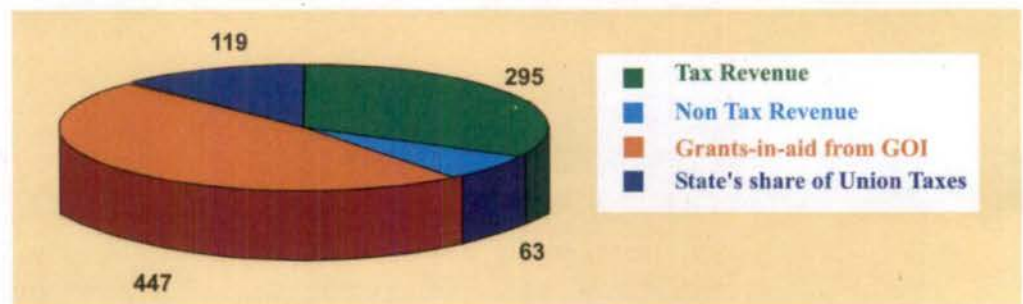
1.4.1 Exhibit II gives the details of the receipts and disbursements made by the State Government. The revenue expenditure (Rs. 934 crore) during the period exceeded the revenue receipts (Rs. 924 crore) resulting in a Revenue Deficit of Rs. 10 crore. The Revenue Receipts comprised Tax Revenue (Rs.295 crore), Non-Tax Revenue (Rs. 63 crore), State's Share of Union Taxes and Duties (Rs. 119 crore) and Grants-in-aid from the Central Government (Rs.447 crore). The main sources of Tax Revenue were Sales Tax (50 per cent) and State Excise (22 per cent). The Non-Tax Revenue came mainly from Economic Services (74 per cent).

1.4.2 The Capital Receipts comprised Rs. 187 crore from Public Debt and Rs. 2112 crore from Public Account. Against this, the expenditure of Rs.149 crore on Capital Outlay and Rs. 1831 crore on the disbursement of Public Accounts were made. The net effect of transaction in the Consolidated Fund, Contingency Fund and Public Account had however increased the cash balance of the State Government from Rs. Nil to Rs. 273 crore at the end of the period.

1.4.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit II and data on State Government Finances for the period from 9.11.2000 to 31.3.2001, presented in Exhibit IV.

1.5. Revenue Receipts

The Revenue Receipts consisted mainly of Tax and Non-tax Revenue and Receipts from Government of India (GOI). Their relative shares are shown in Figure 1.



1.5.1 Tax Revenue

Stamps and Registration fees (Rs. 42.40 crore), State Excise (Rs. 66.08 crore) and Sales Tax (Rs. 145.89 crore) constituted the major part of the Tax Revenue.

1.5.2 Non-Tax Revenue

The Non-Tax Revenue constituted 7 per cent of the Revenue Receipts of the Government. Forestry and Wild Life (Rs. 30.02 crore) was the main constituent of the Non-Tax Revenue.

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

State share of Union Taxes and Duties was Rs. 118.96 crore (13 per cent) in the total Revenue Receipts of the Government.

1.6 Revenue Expenditure

1.6.1 The revenue expenditure accounted for most (86 per cent) of the expenditure of the State Government during the period. Out of this, Non-Plan expenditure (75 per cent) held the major share in revenue expenditure.

1.6.2 Sector-wise analysis shows that while expenditure on General Services was 25 per cent, expenditure on Economic Services and Social Services constituted 38 and 33 per cent of revenue expenditure respectively.

1.6.3 Interest Payments

The share of interest payments in Revenue Expenditure was 13 per cent. This is further discussed in the section of financial indicators.

1.6.4 Loans and Advances by the State Government

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

(Rupees in crore)

	9-11-2000 to 31-3-2001
Opening balance	0.00
Amount advanced during the year	11.47
Amount repaid during the year	1.76
Closing balance	9.71
Net addition	9.71
Interest received	NIL

The position for the period given above showed that the amounts advanced during the period (Rs. 11.47 crore) was substantially more than the amounts received in repayments (Rs. 1.76 crore) as a result of which the closing balance was Rs. 9.71 crore at the end of the period.

1.7 Capital Expenditure

1.7.1 Capital Expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. Public Sector Undertakings (PSUs), Corporations, etc. and Loans and Advances. Capital Expenditure was merely 14 *per cent* of the total expenditure during the period. Economic Services (99 *per cent*) formed major part of the Capital Expenditure.

1.8 Quality of Expenditure

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

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

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

	9-11-2000 to 31-3-2001
1. Plan Expenditure as percentage of	
(i) Revenue Expenditure	25
(ii) Capital Expenditure	86
2. Capital Expenditure (as a <i>percentage</i> of total expenditure)	14
3. Expenditure on General services as <i>percentage</i> of	
(i) Revenue Expenditure	25
(ii) Capital Expenditure	1

It would be seen that the share of Plan expenditure on revenue side was 25 *per cent* during the period. The share of Capital Expenditure with reference to total expenditure was insignificant at 14 *per cent*.

1.9 Financial Management

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

1.9.1 Ways and Means Advances and Overdrafts

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs.0.16 crore during the period from 9.11.2000 to 31.3.2001 but the balance fell short of the agreed minimum on three days despite obtaining Ways and Means Advances. The State Government obtained Rs.19.47 crore as Ways and Means Advances from the Bank and repaid the entire amount during the period leaving no balance on 31.3.2001.

1.9.2 Deficit

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

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

(Rupees in crore)

CONSOLIDATED FUND				
Receipts	Amount		Disbursements	Amount
Revenue	924	Revenue Deficit : Rs. 10	Revenue	934
Misc. Capital Receipts	--		Capital	149
Recovery of Loans and Advances	2		Loan & Advances	11
Sub-Total	926	Gross Fiscal Deficit: Rs. 168	Sub-Total	1094
Public Debt receipt	187		Public Debt repayment	28
Net increase in Overdrafts from RBI	---			
Total	1113	A : Deficit in CF : Rs. 9		1122

CONTINGENCY FUND			
Amount transferred to Contingency Fund	--		Expenditure from Contingency Fund
			4
Overall Deficit in Consolidated and Contingency Fund Rs. 13 crore			
PUBLIC ACCOUNT			
Small Savings, PF etc.	88		Small Savings, PF etc.
			55
Deposits & Advances	318		Deposits & Advances
			187
Reserve Funds	--		Reserve Funds
			--
Suspense & Misc.	1254		Suspense & Misc.
			1237
Remittances	452		Remittances
			351
Total Public Account	2112		1830
B: Over all deficit of Rs. 13 crore in Consolidated Fund and Contingency Fund was financed by surplus in Public Account: (Rs. 282 crore) with simultaneous increase in cash balance (Rs. 273 crore)			

The table shows that the Fiscal Deficit of Rs.168 crore was financed from net proceeds of borrowings, the surplus from Public Account (Rs.282 crore). The revenue deficit accounted for about 6 per cent of the Fiscal Deficit.

1.9.2.3 Application of the borrowed funds (Fiscal Deficit)

The Fiscal Deficit represents total net borrowings of the Government. These borrowings are applied for meeting the revenue deficit (RD), for making the capital expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because borrowings for revenue expenditure would not be sustainable. The following table shows the position in respect of the Government of Uttaranchal for the period 9.11.2000 to 31.3.2001.

(Rupees in crore)

Ratio	9-11-2000 to 31-3-2001
RD/FD	0.06
CE/FD	0.88
Net loans/FD	0.06
Total	1.00

It was seen that ratio of Capital Expenditure to the Fiscal Deficit was very high at 0.88.

1.10 Public Debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of

the State. No law had been passed by the State Legislature laying down any such limit.

(Rupees in crore)

Period	Internal Debt	Loans and Advances from Central Government	Total Public Debt	Other liabilities	Total liabilities	Ratio of Debt to GSDP
9.11.2000 to 31.3.2001	1200.08	1692.54	2892.62	616.68	3509.30	--

During the period the Internal Debt was 34 *per cent* whereas Loans and Advances from the Central Government were at 48 *per cent* of the total liability.

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

(Rupees in crore)

	9.11.2000 to 31.3.2001
Internal Debt	
- Receipt	86
- Repayments (principal + interest)	17
- Net funds available (<i>per cent</i>)	69 (80)
Loans & Advances from GOI	
- Receipts during the year	101
- Repayments (Principal + Interest)	107
- Net funds available	(-) 6
Other liabilities	
- Receipts during the year	363
- Repayments	221
- Net funds available (<i>per cent</i>)	142 (39)

1.11 Indicators of financial performance of the State Government

1.11.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing and finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans, which are translated into Annual Development Plans and are provided for in the State Budget. Broadly, it can be stated that Non-Plan expenditure represents Government maintaining the existing level of activity, while Plan expenditure

entails expansion of activity. Both these activities require resource mobilisation increasing Government's vulnerability. In short, the financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

- (i) **Sustainability** - Sustainability is the degree to which a Government can maintain its existing programmes and meet existing credit requirements without increasing the debt burden.
- (ii) **Flexibility** - Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.
- (iii) **Vulnerability** - Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.
- (iv) **Transparency** - There is also the issue of financial information provided by the Government. This consists mainly of the Annual Financial Statement (Budget) and the Accounts. As regards the Budget, the important parameters are timely presentation, indicating the efficiency of the budgetary process and the accuracy of the estimates. As regards accounts, timeliness in submission and completeness would be the principal criteria.

1.11.2 Information available in the Finance Accounts can be used to flesh out Sustainability, Flexibility, and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Exhibit V, which indicates the behavior of these indices/ratios for the period from 9.11.2000 to 31.3.2001 in respect of the State of Uttaranchal. The implications of these indices/ratios for the financial health of the State Government are discussed in the following paragraphs.

Exhibit - V

Financial Indicators for Government of Uttaranchal

	9.11.2000 to 31.3.2001
Sustainability	
BCR (Rs. in crore)	(-) 175
Primary Deficit (PD) (Rs. in crore)	51
Interest Ratio	0.13
Capital Outlay/Capital Receipts	0.32
Total Tax Receipts/GSDP	NA
State Tax Receipts/GSDP	NA
Return on Investment Ratio	Nil

	9.11.2000 to 31.3.2001
Flexibility	
BCR (Rs. in crore)	(-) 175
Capital Repayments/Capital Borrowings	0.16
State Tax Receipts/GSDP	NA
Debt/GSDP	NA
Vulnerability	
Revenue Deficit (RD) (Rs. in crore)	10
PD/FD	0.30
RD/FD	0.06
Outstanding Guarantees/Revenue Receipts	NA
Assets/Liabilities	0.12

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

(i) *Balance from Current Revenues (BCR)*

BCR is defined as Revenue Receipts minus Plan Assistance Grants minus non-Plan Revenue Expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting Plan Expenditure. Exhibit - V shows that the State Government had negative BCR of Rs. 175 crore during the period from 9.11.2000 to 31.3.2001 indicating that it has had to depend on borrowings for meeting its Plan Expenditure.

(ii) *Interest Ratio*

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts. In the case of Uttaranchal, the interest ratio was 0.13 during the period from 9.11.2000 to 31.3.2001.

(iii) *Capital Outlay Versus Capital Receipts*

This ratio indicates to what extent the Capital Receipts are applied for Capital formation. A ratio of less than one would not be sustainable in the long term in as much as it indicates that a part of the Capital Receipts is being diverted to unproductive Revenue Expenditure. On the contrary, a ratio of more than one would indicate that Capital Investments are being made from Revenue Surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance. In the case of Uttaranchal it was 0.32.

(iv) *Return on Investment (ROI)*

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. Exhibit V present the returns on Government's investments in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions. The ROI in case of Government of Uttaranchal could not be worked out due to non allocation of Government companies to the Uttaranchal State.

(v) *Capital Repayments Versus Capital Borrowings*

This ratio would indicate the extent to which the capital borrowings are available for investment after repayment of capital. The lower the ratio, the higher would be the availability of capital for investment. In the case of Uttar- anchal this ratio was at 0.16.

(vi) *Revenue Deficit Versus Fiscal Deficit*

Revenue Deficit is the excess of Revenue Expenditure over Revenue Receipts and represents revenue expenditure financed by borrowings etc. Evidently, the higher the Revenue Deficit, the more vulnerable is the State. Since Fiscal Deficit represents the aggregate of all the borrowings, the Revenue Deficit as a percentage of Fiscal Deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus a higher ratio, indicates that the debt burden is increasing without adding to the repayment capacity of the State. In the case of Uttaranchal the ratio was 0.06.

(vii) *Primary Deficit Versus Fiscal Deficit*

Primary Deficit is the Fiscal Deficit minus Interest Payments. It represents non-interest borrowings of the Government on account of its current actions and programmes (interest payments are associated with past actions/programmes of the Government). Primary Deficit is sustainable only when the economy grows at a rate higher than the rate of interest. This not being the case, Primary Deficit is not sustainable in the case of Uttaranchal it was 0.30 of the Fiscal Deficit.

(viii) *Guarantees Versus Revenue Receipts*

Outstanding Guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should, therefore, be compared with the ability of the government to pay viz., its revenue receipts. Thus, the ratio of total outstanding guarantees to total Revenue Receipts of the Government would indicate the degree of vulnerability of the State Government. In case of Uttaranchal this ratio could not be worked out as the share of liability of Rs. 356.75 crore on account of guarantees intimated by the parent State of Uttar Pradesh was under the examination of Uttaranchal

Government and also that Government has sanctioned no guarantee during the period from 9.11.2000 to 31.3.2001.

(ix) Assets Versus Liabilities

This ratio indicates the solvency of the Government. A ratio of more than 1 would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator. As has been explained in paragraph 1.2, the assets and liabilities in the Government system of accounting pertain mainly to financial assets and liabilities. However, the trend analysis of even this ratio would throw light on the financial management in the Government. In the case of Uttaranchal it was only 0.12.

(x) In view of non-availability of GSDP figures, tax and debt as ratio to GSDP could not be worked out.

(xi) Budget

No budget was passed in the State of Uttaranchal for the period from 9.11.2000 to 31.3.2001 but the Governor of Uttar Pradesh authorised the expenditure of Rs. 2192.08 crore under 123 Major Heads under the powers conferred on him under section 39 of Uttar Pradesh Re-organisation Act, 2000.

1.11.4 Conclusion

Uttaranchal State is still under the process of stabilisation and the period covered in this chapter is too short to draw any definite conclusion. Besides, apportionment of assets, cash balances investments in Government companies were yet to be made. However during this period the Government had a negative BCR and a Revenue Deficit of Rs. 10 crore.

Annexure

Part - A: Government Accounts

I. Structure

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

Part I: Consolidated Fund

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

Part II. Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorization from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorized by the Legislature during the year was Rs. 15 crore.

Part III. Public Account

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

Form of Annual Accounts

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

Part B : List of Indices/Ratios and basis for their calculation

(Referred to in paragraph 1.10)

Indices/Ratios	Basis for calculation
<p>Sustainability</p> <ul style="list-style-type: none"> - Balance from the Current Revenues (BCR) - Primary Deficit -Interest Ratio -Capital Outlay Vs. Capital Receipts -Total TAX Receipts Vs. Gross State Domestic Product (GSDP) -State TAX Receipts Vs. GSDP 	<p>Revenue Receipts minus all Plan Grants (under Major Head 1601-02,03,04) and Non-Plan Revenue Expenditure (excluding Major Head 2048)</p> <p>Primary Deficit Fiscal Deficit minus Interest Payment</p> <p>Interest Ratio $\frac{\text{Interest Payments minus Interest Receipts}}{\text{Revenue Receipts minus Interest Receipts}}$</p> <p>Capital Outlay Capital Expenditure as per Statement No.13 of the Finance Accounts</p> <p>Capital Receipts : Miscellaneous Capital Receipts Plus Internal Loans (net of Ways and Means Advances and Overdraft) + Loans and Advances from Government of India (net of Ways and Means Advances) + Net receipts from Small Savings, PF etc. + Repayments received of loans advanced by the State Government - Loans advanced by the State Government</p> <p>Total TAX Receipts : State TAX Receipts plus State's share of Union Taxes and Duties.</p> <p>Sales TAX Receipts : Statement-11 of Finance Accounts</p>
<p>Flexibility</p> <ul style="list-style-type: none"> - Balance from Current Revenues - Capital Repayments Vs. Capital Borrowings -State TAX Receipts Vs. GSDP -Total TAX Receipts Vs. GSDP -Debt Vs. GSDP. -Incomplete Projects 	<p>As above.</p> <p>Capital Repayments : Disbursements under Major Head 6003 and 6004 minus repayments on account of Ways And Means Advances/Overdraft under both The Major Heads</p> <p>Capital Borrowings : Additions under Major Heads 6003 and 6004 minus addition on account of Ways and Means advances/Overdraft under both the Major Heads</p> <p>State TAX Receipts : As above.</p> <p>Total TAX Receipts : As above.</p> <p>Debt : Borrowings and other obligation at the end of The year (Statement No.4 of the Finance Accounts)</p> <p>----</p>
<p>Vulnerability</p> <ul style="list-style-type: none"> - Revenue Deficit - Fiscal Deficit - Primary Deficit Vs. Fiscal Deficit -Total Outstanding Guarantees, including Letters of Comfort Vs. Total Revenue Receipts of the Government -Assets Vs. Liabilities 	<p>Paragraph No. 1.9. 2.2 of the Audit Report</p> <p>----do----</p> <p>Primary Deficit As above.</p> <p>Outstanding Guarantees: Exhibit IV</p> <p>Revenue Receipts Exhibit II</p> <p>Assets and Liabilities Exhibit I</p>

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Summary of Appropriation Accounts-2000-2001 at a glance

Total number of Major Heads - 127

Total provision and expenditure:

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original	2192.08		
Total gross provision	2192.08	Total gross expenditure	1152.76
Deduct-Estimated recoveries in reduction of expenditure	--	Deduct-Actual recoveries in reduction of expenditure	10.69
Total net provision	2192.08	Total net expenditure	1142.07

Voted and Charged provision and expenditure

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
Revenue	1234.86	222.95	817.70	118.67
Capital	734.27		216.39	
Total Gross	1969.13	222.95	1034.09	118.67
Deduct recoveries in reduction of expenditure	--		10.69	
Total Net	1969.13	222.95	1023.40	118.67

2.1 Introduction

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

The Appropriation Act includes the expenditure which has been voted by the

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

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

However, in case of Uttaranchal State, no Appropriation Act was passed by the State Legislature for the period from the appointed date of 9 November 2000 to 31 March 2001. Governor of Uttar Pradesh authorised the expenditure of Rs.2192.08 crore under section 39 of Uttar Pradesh Re-organisation Act 2000 (Act No.29 of 2000) under 123 Major Heads, which was subsequently sanctioned by the Legislative Assembly of the State of Uttaranchal in the sitting on 3 May 2001. As a result, scope of Appropriation Audit is confined to the transactions Major Head wise only.

This Chapter contains audit observations on Major Headwise expenditure of the Government of Uttaranchal for the period 9 November 2000 to 31 March 2001.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during the period 9 November 2000 to 31 March 2001 against 127 Major Heads is given below:

(Rupees in crore)

	Nature of expenditure	Total	Actual expenditure	Saving(-) Excess(+)
Voted	I-Revenue	1234.86	817.70	(-)417.16
	II-Capital	734.27	216.39	(-)517.88
Total Voted		1969.13	1034.09	(-)935.04
Charged	III-Revenue	222.95	118.67	(-)104.28
Total Charged		222.95	118.67	(-)104.28
Appropriation to Contingency Fund (if any)				
Grand Total		2192.08	1152.76	(-)1039.32

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

- (i) Expenditure of Rs.192.91 crore incurred had remained unaccounted for

in the books of Principal Accountant General (A&E) due to non receipt of vouchers from the treasuries during the period from 9-11-2000 to 31-3-2001 under various Major Heads.

- (ii) Rs.3.54 crore drawn under 3 Major Heads from the State Contingency Fund during 9.11.2000 to 31.3.2001 remained unrecouped at the end of the year.

2.3 Results of Appropriation Audit

The following results emerge broadly from Appropriation Audit

The overall saving of Rs.1039.32 crore was the result of saving of Rs.1166.88 crore in 115 Major Heads, partly offset by excess of Rs.127.56 crore in 12 Major Heads.

2.3.2 The excess of Rs.127.01 crore in 11 Major Heads (Voted) and Rs.0.55 crore in 1 Major Head (Charged) require regularization under Article 205 of the Constitution. Details of excess expenditure are given in *Appendix-I*.

2.3.3 In 72 cases listed in *Appendix-II*, the expenditure fell short by more than 1 crore and also by more than 10 *per cent* of the provision in each case.

2.3.4 In 6 cases, expenditure exceeded the approved provision by Rs. 25 lakh or more and also by more than 10 *per cent* of the total provision. In one case, the expenditure exceeded the approved provision by over 634 *per cent* while in three other cases, it ranged between 101 and 182 *per cent*. Details are given in *Appendix-III*.

2.3.5 Unauthorised expenditure through Irregular re-appropriation of funds.

Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. No re-appropriation could therefore be made to a 'new service' or Major Head not contemplated under the authorisation of Governor of UP under the powers conferred on him under Article 39 of UP Re- organisation Act, 2000 and also by subsequent approval by the resolution of Legislative Assembly of Uttaranchal in May 2001.

In disregard of these provisions, Rs. 12.80 crore were re-appropriated for new services under three Major Heads to cover unauthorised expenditure of Rs. 10.96 crore under them. Details are given in *Appendix-IV*.

2.3.6. Expenditure without provision

As envisaged in the Uttar Pradesh Budget Manual, expenditure should not be incurred on a 'new service' without a valid provision. It had however been noticed that the expenditure of Rs. 0.08 crore had been incurred under the major head 4702 Capital Outlay on Minor Irrigation which had not been contemplated in the authorisation of the Governor and without the provision of funds.

2.3.7 Anticipated savings not surrendered

As per financial rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when savings are anticipated. However, at the close of the year 2000-2001, no portion of the total savings of Rs.1166.88 crore had been surrendered. Savings over Rs. 50 lakh but not surrendered are detailed in *Appendix-V*.

2.3.8 Trend of recoveries and credits

Under the system of gross budgeting followed by Government, the demands for grants are placed for gross expenditure and exclude all credits and recoveries, which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. However, although no recoveries were anticipated in the authorisation of the Governor, there had been actual recoveries of Rs. 10.69 crore in 9 major heads (voted) as per details given in *Appendix II* of the Appropriation Accounts.

2.3.9 Unwarranted drawal of Rs. 3.54 crore from State Contingency Fund

The Contingency Fund (Fund) of the State was created with a corpus of Rs. 15 crore in the year 2000-2001. Advances from the Fund were to be made only for meeting expenditure of an unforeseen and emergent character, the postponement of which till authorisation by the Legislature would have been undesirable. However, no appropriation was made to the fund through the budgetary provisions during the year.

Further, Rs. 1.54 crore had been drawn from the Fund under 2 major heads without any immediate necessity as there had already been substantial savings of Rs. 35.73 crore under these major heads as detailed below:

(Rupees in crore)

Major Head	Savings	Drawal from SCF
2070 (voted)	3.97	0.67
4059 (voted)	31.76	0.87
	35.73	1.54

2.3.10 The explanation for savings/excess as given above, had not been furnished by the concerned departments to the Accountant General (A&E) as of September 2002.

CHAPTER III

CIVIL DEPARTMENTS

SECTION 'A': REVIEWS

AGRICULTURE DEPARTMENT

3.1 Integrated Watershed Management in the Catchment Area of Flood-Prone Rivers, Gomti and Sone

Highlights

An Integrated Watershed Management Programme was launched in 1980-81 by the Government of India in the catchment area of Flood Prone Rivers, Gomti and Sone to prevent land degradation by adopting a multi disciplinary integrated approach and involving people living in the catchment area. The Programme was revised in 1992 and restricted to 12 districts only. A review of the Programme revealed shortfall in treatment of land, short release of State's share of funds, poor financial management, high establishment cost, poor quality of work, inadequate supervision and poor involvement of local community. The main findings are:

> Size of the micro watersheds identified was much larger than the prescribed norms.

[Paragraph 3.1.4.1]

> Survey and planning of projects carried out by the Assistant Soil Conservator Inspectors was not supervised according to the prescribed norms. Even mandatory verification by Bhooni Sanrakshan Adhikaris and Deputy Director, Soil Conservation was not done.

[Paragraph 3.1.4.2)]

> Department did not monitor utilisation of funds given for afforestation.

[Paragraph 3.1.5(iii)]

- Establishment cost of the projects ranged between 26 and 75 per cent of the outlay against the norm of 25 per cent. Director of Agriculture debited the establishment cost (Rs. 68.62 lakh) of River Valley Project, Matatila to the Programme.

[Paragraph 3.1.5 (iv) & (v)]

- High priority was not accorded to vegetative measures as envisaged; only 38 per cent of the problematic area was covered in 118 Micro Watersheds.

[Paragraph 3.1.6.3(c)]

- Top to bottom strategy was not adopted. Structures created first in lower reaches were susceptible to damage by rainwater from the top.

[Paragraph 3.1.6.4(b)]

- Sediment monitoring stations were not established for four units and in another four test-checked units the stations were set up after delays of 4 to 8 years.

[Paragraph 3.1.7]

- A corpus of funds was to be established in each micro watershed for maintenance of community assets. State Government did not release its share to corpus of funds established in 179 Micro watersheds.

[Paragraph 3.1.8]

- Mitra Krishak Mandals constituted for involvement of the local community did not include women or landless farmers.

[Paragraph 3.1.9]

3.1.1 Introduction

A programme on the Integrated Watershed Management in the catchment area of FPRs, Gomti and Sone was launched in sixteen districts by the Ministry of Agriculture, Government of India during 1980-81. With a view to make the project more focused, involving greater public participation, Government of India revised (1992) its guidelines and restricted it to twelve districts§.

The main objectives of the programme were (i) prevention of land degradation by adopting a multi disciplinary integrated approach in the catchment area of

§ Barabanki, Faizabad, Hardoi, Jaunpur, Lucknow, Lakhimpur Kheri, Pratapgarh, Sonbhadra, Sitapur, Sultanpur, Unnao and Varanasi

flood prone rivers, (ii) improvement of land capability and moisture regime in the watersheds, (iii) promotion of land use to match land capability, (iv) reduction of run off from the catchment to reduce peak flow into the river system, (v) people's involvement in the management of catchment, and, (vi) upgradation of skills in planning and execution of land development.

The total catchment area of 11.36 lakh hectare (ha) drained by the rivers of Gomti* and Sone was categorized into Very High Priority and High Priority based on the magnitude and criticality of degradation.

The programme was financed by Government of India in the shape of 50 per cent grant and 50 per cent loan.

3.1.2 Organisational set-up

A State Level Implementation Committee (SLIC) under the Chairmanship of the Chief Secretary was responsible for the overall direction and control. Individual Watershed Project Report (WPR) and the Annual Programme Report were to be approved by SLIC before submission to Government of India. The Programme was implemented by the Director of Agriculture at State level, Deputy Directors of Agriculture (Soil Conservation) (DDSC) at the Regional level and the Bhoomi Sanrakshan Adhikaris (BSA) at the unit levels.

3.1.3 Audit coverage

Implementation of the Programme was test-checked (April to June 2001) for the period 1996-97 to 2000-01 in the offices of the Director of Agriculture, and BSAs of Chopan, Hardoi, Jaunpur I and II, Lakhimpur Kheri, Pratapgarh, Sitapur and Varanasi.

3.1.4 Programme implementation

3.1.4.1 Out of 11.36 lakh ha of catchment area, 7.05 lakh ha were categorised as problematic and needed to be reclaimed and divided into 562 micro watersheds (MWs). As per Government of India guidelines, each MW was to consist of 500 to 1000 ha area for treatment so as to saturate the whole area in a period of five years. It was seen that the area of MWs ranged between 650 and 4550 ha. Reasons for violation of the norms were not on record.

During 1991-96, an area of 1.96 lakh ha (166 MWs) was saturated and 2.29 lakh ha (180 MWs) were saturated during 1996-2001. Works on 1.29 lakh ha (101 MWs) were in progress as of March 2001. Year-wise/district-wise details of

*Gomti : 931349 ha

The area of MW was larger than that envisaged in Government of India guidelines.

area/numbers of MWs approved by the SLIC or Government of India for treatment were not made available and reasons for non-availability of the same were not furnished.

3.1.4.2 Inadequate supervision of survey

Verification of the Surveys conducted was not done as envisaged.

As per Government of India guidelines, a detailed survey of the area under the project was to be carried out to determine physical treatment, identify critical factors, establish bench mark linkage and formulate a land use capability map before project formulation. A multi-disciplinary approach involving various departments like Agriculture, Forest, Horticulture, Animal Husbandry, Minor Irrigation, was to be adopted at the district and State level.

As per State Government orders, *cent per cent* verification of survey work carried out by the Assistant Soil Conservation Inspectors (ASCI) was to be done by the Junior Engineer (JE), 20 *per cent* by the Technical Assistant (TA) and 10 *per cent* by the BSA. The Regional Deputy Director was also required to undertake periodical verification. No such verification by the departmental authorities was carried out. The department made (March 1995) verification by the BSA and the DDSC mandatory. Scrutiny of 180 survey books, out of 913 in 7 test checked offices, showed no evidence of verification by the JE, TA, BSA or the DDSC. Reasons for not conducting verification were neither stated nor on record.

3.1.5 Financial management

The funds released by the State Government out of Government of India releases and expenditure incurred were as under.

(Rs in crore)

Year	Funds released by Government of India		Funds actually released by State Govt.	Expenditure incurred	Excess (+) Savings (-)
	Grant	Loan			
1996-97	6.98	6.98	9.42	*14.47	(+) 5.05
1997-98	8.00	8.00	17.28	17.02	(-) 0.26
1998-99	9.50	9.50	19.03	14.77	(-) 4.26
1999-2000	7.13	7.13	19.06	18.36	(-) 0.70
2000-2001	1.64	1.64	15.99	14.36	(-) 1.63
	33.25	33.25	80.78	78.98	(-) 1.80

*Excess expenditure was met out of unutilised funds of the earlier years.

Scrutiny in Audit revealed the following:-

Excess release by State Government

- (i) In 2000-2001, State Government released Rs.15.99 crore in anticipation of Government of India release. Government of India, however, released

only Rs.3.28 crore as the FPR scheme was to be merged into a new scheme "Macro Management Mode of Assistance" from April 2001.

Rs.3.47 crore in PLA were treated as final expenditure.

- (ii) Expenditure of Rs.78.98 crore included unspent balance of Rs.3.47 crore retained in the Personal Ledger Account of Director of Agriculture. This resulted in inflation/overstatement of actual expenditure incurred under the programme.

Utilisation of Rs 3.78 crore not known to department.

- (iii) Utilisation Certificate for Rs.2.45 crore released to the Forest Department for afforestation of 5240 ha. of land in the catchment area of Sone river had not been obtained. It did not also monitor utilisation of another Rs.1.33 crore released separately.

Establishment cost ranged up to 75 per cent of total outlay against the norm of 25 per cent.

- (iv) In four test-checked units, the establishment cost ranged between 26 and 75 @ per cent against the prescribed norms of 25 per cent of outlay. Reasons for excess expenditure were not on record.

Diversion of Rs.68.62 lakh

- (v) State Government issued instructions (May 1996) to the Director of Agriculture to meet the establishment cost of DDSC (River Valley Project, Matatila), Lalitpur (RVP) for 1996-97 and to debit it against FPR allotment. Accordingly the department diverted Rs.17.58 lakh to RVP during 1996-97 and continued doing so in subsequent years without further instructions from Government. As of March 2001, Rs. 68.62 lakh were diverted without Government of India's approval.

3.1.6 Physical performance

The treatment measures in the watersheds are essentially designed to-

- (i) prevent soil erosion and improve land capability through contour/vegetative bunding in the first year of the project,
- (ii) improve moisture content through supplemental water harvesting engineering structures to be constructed in the second and third year of the implementation only after vegetative soil conservation measures initiated in the first year had acquired some definite shape, and,
- (iii) diversify and improve biological resource endowment like, afforestation, agro-forestry, establishment of composite nurseries and creation of a silvi-pasture as per model provided in the Government of India guidelines.

@ Chopan	26 to 31 per cent
Lucknow	36 to 70 --
Jaunpur	29 to 33 --
Sultanpur	31 to 75 --

3.1.6.1 Targets and achievements

Scrutiny of records revealed that details relating to problematic area which required treatment was not available with the department for 1996-97 to 1998-99 years. Hence figures were worked out by Audit on the basis of statements showing unit-wise information and reports submitted before SLIC (June 2001). The targets and achievements as per departmental records and as worked out by Audit were as follows:

(In hectares)

Year	Problematic Area Available as reported by the Department		Problematic Area Available as worked out in audit		Target fixed by the Department		Achievement as stated by the Department		Achievement as worked out by Audit		Difference in Achievement Excess (+) Less (-)	
	Gomti	Sone	Gomti	Sone	Gomti	Sone	Gomti	Sone	Gomti	Sone	Gomti	Sone
(1)	(2)		(3)		(4)		(5)		(6)		(7) (6-5)	
1996-97	NA	NA	69067	22446	42056	6440	42063	6443	45013	9124	(-)2950	(-)2681
1997-98	NA	NA	44295	2150	36000	6000	35930	10124	30951	1108	(+)4979	(+)9016
1998-99	NA	NA	61099	4771	37250	6000	37301	9746	38481	3741	(-)1180	(+)6005
1999-2000	58014	9235	56124	7398	41300	7600	50573	7526	40422	4368	(+)10151	(+)3158
2000-2001	47680	9124	47680	9124	40000	8000	44727	6869	44385	11785	(+)342	(-)4916
Total	105694	18359	278265	45889	196606	34040	210594	40708	199252	30126	11342	10582

An analysis of the above table revealed the following:

- (i) The area treated was over-stated by 11342 ha and 10582 ha for the Gomti and Sone river catchments respectively.
- (ii) Notwithstanding the above, the entire problematic area of 3.24 lakh ha was not taken up for treatment. The targets fixed (2.30 lakh ha) were far less than the problematic area available. Thus, the department was unable to saturate the whole watershed within the stipulated time frame of five years.

3.1.6.2 Non-verification of measurement of works executed

Verification of executed work was not carried out as envisaged

The Junior Engineer (JE), Technical Assistant (TA) and the BSA were required to physically verify the executed work. Further, the BSA was to ensure verification of all the works executed within the unit in a financial year. State Government also issued instructions for verification of the works by executive authorities. Every officer, who inspected/verified the executed work and the beneficiary farmer were required to put dated signature in the measurement book. However, no verification was carried out by the officials/authorities in any of the eight test checked units as the measurement books did not exhibit the signatures of the Inspecting Officer or the farmer. In absence of the verification report, the quality or quantity of work shown as executed could not be vouched for.

3.1.6.3 No priority given to vegetative measures

Government of India had stressed the need to give priority to vegetative measures for conservation like afforestation, growing grass and shrubs, agro-forestry, horticulture etc. Bio-diversity was to be the guiding principle of the "greening" programme by raising of fuel, fodder, timber and fruit trees in the composite/ Kisan nurseries to be established under the Programme near the site of plantation to reduce the cost of transportation to the plantation site. Following further points were noticed in audit:-

Composite nurseries were not established.

(a) Out of eight units test-checked, composite nurseries were established only in two units (Pratapgarh and Maholi-Sitapur).

(b) Only three out of eight test checked units furnished information regarding procurement of plants. 4.17 lakh saplings /seedlings (cost:Rs 19.77 lakh)[#] were procured during 1996-2001 for development of agro forestry and horticulture. While survival rate was not intimated by the Varanasi unit, it ranged between 52 and 70 per cent in Jaunpur II and Hardoi II units. No record had, however, been maintained in support of the survival rate claimed by these units.

High priority to vegetative measures not accorded.

(c) Total area covered under vegetative measures was only 0.53 lakh ha (38 per cent of total treated area of 1.39 lakh ha) in saturating 118 MWs as shown in *Appendix VI*. Thus, high priority was not given to vegetative measures for treatment of watersheds.

3.1.6.4 Irregular construction of structures

(a) Engineering structures were to be constructed only in the second/third year of the project after ensuring that vegetative soil conservation measures initiated in the first year had acquired some definite shape.

SIC engineering structures were erected in the very first year

In three test-checked units, 610 engineering structures were constructed at a cost of Rs.16.81 lakh in the very first year. Details were as under:

(Rupees in lakh)

Sl. No.	Name of the units	Field out let (Numbers)	Cost	Spillway (Numbers)	Cost
1.	Pratapgarh.	289	3.00	13	2.35
2.	Chopan at Chopan	275	4.53	14	4.03
3.	Maholi Sitapur	11	0.55	8	2.35
	Total	575	8.08	35	8.73

Jaunpur II- 0.68 lakh seedlings -cost not intimated
 Varanasi - 0.68 lakh seedlings -cost Rs. 3.82 lakh
 Hardoi II - 2.81 lakh seedlings -cost Rs. 15.95 lakh
 Total 4.17 lakh Rs. 19.77 lakh

Top-down strategy in conservation measures was not adopted.

(b) Top down strategy was to be adopted while executing conservation measures to prevent soil erosion and improve moisture regime. However, this was not followed. Details are as under:

Sl. No.	Name of the units	Code No.	Expenditure on treatment of code (Rs. in lakh)	Date of saturation	Date of execution		
					UREB*	MREB*	LREB*
1.	Varanasi (Rauna Khurd II)	Ga2a	26.50	1999-2000	July 8 to August 4, 1998	February 19, 1998	January 11 to March 22, 1998
2.	Chopan at Chopan (Parsoi I)	Sh4b	15.47	1999-2000	January 1, 1998	December 1, 1997	November 5, 1997
3.	Lakhimpur Kheri	Gn3a	19.66	1998-99	September 1 to December 14, 1997	February 22 to February 28, 1997	March 14 to March 23, 1997
			61.63				

By violating the strategy, structures, created in lower reaches were susceptible to damage by the rain water flowing from the top.

MWs were declared saturated without taking up components like green manuring, moisture conservation or pasture development.

(c) The treatment of a watershed is to be planned on project basis by dividing it into MWs of 500-1000 ha each and full treatment of each MW as per approved work plan was necessary before declaring the MW as saturated.

Scrutiny revealed that MWs were declared saturated without treating them fully with the conservation measures as approved by SLIC/DAC. In five* of test-checked units, eight MWs with an area of 7583 ha were claimed to have been saturated after incurring an expenditure of Rs.2.66 crore though some components were still incomplete. Shortfall in achievement in other components viz, structures, green manuring (GM), moisture conservation (MC) and pasture development (PD) ranged between 33 and 100 per cent as shown below:

(Area in hectares)

Sl.No.	Particulars	Structures (Number)	GM	MC	PD
1.	Target	3106	1583	340	140
2.	Achievement claimed	3094	Nil	Nil	Nil
3.	Actual achievement worked out from MB	2096	Nil	Nil	Nil
4.	Balance works	1010	1583	340	140
5.	Percentage of shortfall	33	100	100	100

Reasons for incorrect reporting were not intimated.

* 'G' stands for Gomti and 'S' for Sone catchments, other small words indicate specific district/area
 * UREB - Upper Reaches Earthen Bund, MREB- Middle Reaches Earthen Bund and LREB- Lower Reaches Earthen Bund
 * Chopan at Robertsganj, Chopan at Chopan, Pratapgarh, Sitapur and Varanasi

3.1.7 Non-establishment of Sediment Monitoring Stations.

Sediment monitoring stations at the exit point of the project were to be established in at least one out of five watersheds and data on daily rain fall, run-off and sedimentation during rainy season was to be collected. Such stations were to be established one year prior to launching of the project to study the prevailing conditions and measuring the hydrological and sediment response of the watershed for a period of seven years from the time the project was launched.

Sediment monitoring stations not established.

Only four test-checked units were provided with these stations and that too, four to eight years after the projects were launched. No station was established in other four units though Rs.9.85 lakh were released (*Appendix VII*).

Due to delay in establishment/non establishment of the stations run-off/sedimentation could not be measured and compared with similar data prior to commencement of treatment for assessing the effectiveness of the Programme. No reasons were given to audit as of May 2001.

3.1.8 Inadequate number of Corpus of Funds established for maintenance of Community assets.

A corpus of funds was to be established in respect of each watershed for maintenance of the community assets and 2 per cent of the total investment in the watershed was to be set apart to create the corpus. Contribution of 1 per cent each was to be made into the fund from the project cost and State Government and Local Self-Government Institutions.

State Government did not contribute in corpus funds for maintenance of community assets; no maintenance work was carried out.

Scrutiny in audit revealed that against a total of 447 MWs (346 saturated and 101 ongoing) corpus funds were established only in 179 MWs (40 per cent) as of May 2001. State Government deposited Rs.18.07 lakh in these corpus at the end of March 1998 which included Government of India contribution of Rs.17.00 lakh. The balance Rs.1.07 lakh was deposited by the beneficiaries. No contribution was made by the State Government or Local Self Government. No expenditure on maintenance of community assets was incurred out of the corpus as of June 2001.

Reasons for non-establishment of corpus of funds in the remaining 268 MWs or non-utilisation of Rs.18.07 lakh were not on records. BSA Hardoi II intimated that no orders for establishing the corpus of funds had been made available to them as of May 2001.

3.1.9 Poor public participation

Proper watershed management requires the local community's active involvement. To achieve it, 'Mitra Krishak Mandals' (Mandal) for every watershed consisting

Mitra Krishak Mandals had no woman farmer or landless farmer

of five selected individuals (two female farmers, two landless and one progressive farmer) were to be constituted for propagating/ adopting various improved farm techniques. The Mandal would operate the corpus of funds and be an active force for selection of site, planning, execution and maintenance.

Scrutiny revealed that the Mandals did not include women and landless farmers. In three (Jaunpur, Varanasi and Chopan) units, the Mandals were not constituted in 23 out of 51 MWs. Non-utilisation of Rs. 18.07 lakh lying in the corpus of fund reflected lack of initiative on the part of Mandals. The very purpose of popularising the scheme and making the beneficiaries aware of the benefits of the scheme or improved farm techniques stood defeated.

3.1.10 Crop demonstration

Crop demonstrations were not carried out as envisaged.

The programme envisaged incentives for promoting the most desirable crops and appropriate cropping system through demonstrations in individual fields and supply of inputs for green manuring. These demonstrations were required to be carried out by Extension wing of Agriculture/Horticulture Department. The cost of improved crop demonstration was fixed at Rs.500 per ha for providing seed and pesticide. In a calendar year, 5 ha of treated area of watershed belonging to at least ten farmers (0.5 ha. each) was to be selected for demonstration.

Year wise details of demonstration arranged, area covered and expenditure incurred thereon was not made available.

In seven units, Rs.17.02 lakh were spent in arranging 5091 demonstrations covering 2341 ha ignoring the limit of Rs.500 per ha. This resulted in an extra expenditure of Rs.5.61 lakh.

In none of the seven units, was there any record to show that Agriculture Extension Wing was involved in arranging the demonstrations or providing follow up measures as envisaged under the Programme.

3.1.11 Impact of the scheme on crop production

The Directorate of Agriculture failed to provide information regarding the productivity per hectare of various crops in the watersheds, though asked for in April 2001 and reminded in June and July 2001. As such, the impact of the scheme could not be ascertained in audit.

3.1.12 Monitoring

Joint Inspection Team did not visit any of the units test checked.

Joint Inspection Teams (JIT) were to be constituted with the representatives of Government of India, State Government and another state conversant with the

implementation of FPR to evaluate the implementation every year by selecting watersheds at random. The SLIC was also to monitor the implementation of the scheme in its meetings. JIT visits did not take place in any of eight test checked units. Details of SLIC meetings were not made available.

3.1.13 Evaluation

Evaluation done in 1993 was not made available.

In 1993, Indian Resource Information and Management Technology Hyderabad evaluated implementation of the scheme during 1985-1993. However, the evaluation report, if any, was not made available to Audit by the Directorate.

The matter was reported to Government in July 2001; reply had not been received (November, 2001).

BASIC EDUCATION DEPARTMENT

3.2 Non-formal Education Programme

Highlights

The National Policy on Education 1986 envisaged systematic programme of Non-Formal Education (programme) as an integral component of the strategy to achieve universalisation of elementary education (UEE). It was to cater to the children who remained outside the formal system of education due to various socio-economic constraints. Audit review revealed that the number of NFE centres opened was much less than the target. Textbooks and learning/writing material were either not supplied or were inadequately supplied. State Government not only failed to release the full amount of Central share received but was also reducing its own contribution from 1996-97 onwards. Some of the major audit findings are as under: -

> Despite short release of funds by the Government, savings ranged between 8 and 23 per cent.

[Paragraphs 3.2.6(i)&(ii)]

> There was shortfall in the opening of NFE centres and reported figures of enrolment of children in NFE centres were found inflated.

[Paragraph 3.2.7(iii)]

> Percentage of children who continued their studies after completing NFE course ranged between 17 and 36.

[Paragraph 3.2.8]

> Text books and learning/writing materials to be supplied free of cost were either not supplied or supplied in inadequate quantities.

[Paragraphs 3.2.11]

> Rs.10.06 crore were diverted for purchase of vehicles and payment of electricity, telephone and fuel charges

[Paragraph 3.2.14 (ii)]

> Rs. 22.86 crore were irregularly remitted to State Revenue.

[Paragraphs 3.2.14 (iii)& (iv)]

- > Instead of granting advances, the department provided motor cycles/ mopeds to Project Officers resulting in avoidable expenditure of Rs.89.40 lakh.

[Paragraph 3.2.14 (v)]

3.2.1 Introduction

Non-formal Education Programme (programme), a Centrally sponsored scheme was launched during the Sixth Plan Period (1980-85) to provide facilities for learning to out of school children who were unable to avail the benefits of formal schooling due to various social constraints. NFE was to cover habitations without schools, school drop-outs, working children of weaker sections of society like scheduled castes/ tribes and girls who could not attend whole day school, within the age-group of 6 to 14 years. The programme was given the shape of a project in 1987. Each project comprised of 100 NFE centres in a compact and contiguous area, coterminous with a Community Development Block. During 1993, the programme was further improved and strengthened by Government of India. The revised scheme envisaged intensified approach and decentralisation of administration and management, enhancement of technical resource inputs, development of training infrastructure and supply of training-learning materials.

3.2.2 Financing pattern

The programme was funded by the Central and State Government in the ratio of 60:40 for co-educational centres and administrative resource support and 90:10 for exclusively girls centres. Cent *per cent* financial assistance was provided for NFE centres run by voluntary organisations.

3.2.3 Objectives

The specific objectives of the programme were:

- (i) to develop the programme of non-formal education for meeting the educational needs of out of school children,
- (ii) to establish a partnership between the Government on the one hand and voluntary agencies on the other hand,
- (iii) to identify from the local community young persons and to train them as organisers of NFE Centres,
- (iv) to give special attention to the training of women NFE organisers for furtherance of the objectives of women's development and

- (v) to evolve curricula, learning materials, instructional methods, evaluation techniques etc. relevant to the needs, environment and working life of the learners.

3.2.4 Organisational set-up

The Basic Education Department (Department) was responsible for releasing funds, over all monitoring of the programme, issuing orders for opening of centres and submission of reports and returns to Government of India. The implementation and monitoring of the programme was the responsibility of the Director of Education (NFE) who was assisted by Additional Director and Joint Directors, besides District Non-Formal Education Officers and Project Officers at the district and block levels respectively. State Council of Educational Research and Training (SCERT) provided resource support and academic inputs for development of curriculum and training. District Institutes of Educational Training (DIETs) conducted training programmes. Responsibility for printing and supply of books rested with Text Book Officer.

3.2.5 Audit Coverage

Records relating to the programme from 1995-96 to 2000-2001 were test checked during November 2000 to June 2001 covering Directorate of NFE, and 24 District Non-formal Education Officers (DNFEO)§.

3.2.6 Financial management and control

Scrutiny revealed poor financial management and control as discussed below: -

(i) *Financial Progress*

Against estimated expenditure of Rs.351.50@ crore, as approved by Government of India on the basis of the demands made by the State Government, actual release was Rs.228.43 crore (65 per cent) and actual expenditure was Rs.196.25 crore. The details are given on the next page :

Funds of State Government not utilised.

§ Uttar Pradesh: Aligarh, Allahabad, Azamgarh, Badaun, Bahraich, Ballia, Barabanki, Basti, Deoria, Etawah, Firojabad, Jaunpur, Lakhimpur Kheri, Meerut, Mirzapur, Moradabad, Muzaffarnagar, Raebareli, Siddharthnagar and Sultanpur.

Uttranchal: Almora, Chamoli, Nainital and Tehri.

@ 1995-96 : Rs.56.51 crore; 1996-97 : Rs.59.24 crore; 1997-98 : Rs.59.24 crore; 1998-99 : Rs.64.52 crore; 1999-2000:Rs.53.72 crore and 2000-2001 : Rs.58.27 crore

(Rupees in crore)

Year	Central Share due	State share due	GOI release	Amount released			Total Expenditure	Saving (Percentage)
				Central share released by State	State share released	Total amount released		
1995-96	42.02	14.49	42.02	37.21	7.47	44.68	34.72	9.96 (22)
1996-97	43.73	15.51	43.73	38.62	9.64	48.26	44.06	4.20 (9)
1997-98	43.73	15.51	41.92	41.92	7.76	49.68	44.45	5.23 (11)
1998-99	48.83	15.69	24.41	24.41	6.70	31.11	28.71	2.40 (8)
1999-2000	39.55	14.17	29.74	29.74	5.21	34.95	26.79	8.16 (23)
2000-2001	42.28	15.99	15.71	15.70	4.05	19.75	17.52	2.23 (11)
Total	260.14	91.36	197.53	187.60	40.83	228.43	196.25	32.18

State Government did not release the entire amount released by Government of India and reduced its release every year after 1996-97. However, despite the short release of funds by the State Government there were savings under the scheme, which ranged between 8 and 23 per cent. Finally the total expenditure was less than the total release by Government of India and without any State funds in the programme. The savings arose due to non-establishment of all sanctioned NFE centres, non-posting of supervisors and non-supply of learning materials/text books to the learners.

(ii) Unrealistic budget estimate

Unrealistic Budget estimations.

Though supplementary provisions of Rs.57.98 crore, Rs.0.17 crore and Rs.8.63 crore were made during 1995-96, 1997-98 and 2000-01 respectively, these were entirely unnecessary as the department could not even utilise the original provisions in the respective years (*Appendix-VIII*).

3.2.7 Physical performance

(i) Opening of NFE centres

Details of NFE centres sanctioned and opened were as under :-

Year	No. of centres sanctioned			No. of centres actually established			Shortfall if any		
	Mixed	Girls	Total	Mixed	Girls	Total	Mixed	Girls	Total
1995-96	22600	37000	59600	21107	37000	58107	1493	--	1493
1996-97	22600	37000	59600	22184	35908	58092	416	1092	1508
1997-98	22600	37000	59600	19931	35806	55737	2669	1194	3863
1998-99	22600	37000	59600	22260	35890	58150	340	1110	1450
1999-2000	22600	37000	59600	21124	37125	58249	1476	(+) 125	1351

Funds released for non-established centres.

Shortfall in establishing the centres was reportedly due to disputes in selection of sites. This hampered learning opportunities to a large number of children ranging between 33775 and 96575 (25 children per centre) adversely affecting the achievement of the intended objective of universal enrolment of children (6

to 14 age group) either in schools or in NFE centres. Surprisingly, during all these years, Government of India sanctioned funds on the basis of number of centres sanctioned and not on the basis of those actually established. The excess funds sanctioned over this period amounted to Rs.5.25 crore*.

(ii) *Urdu Centres*

The Department issued (April 1994) orders that 10 *per cent* of the total number of NFE centres should be established as Urdu NFE centres at the places where mother tongue of the habitants was Urdu. Year wise details of opening of Urdu NFE centres were as under:-

Year	Total number of NFE centres sanctioned	No. of Urdu centres to be opened	No. of Urdu centres actually opened.	Shortfall, if any number (percentage)
1995-96	59600	5960	4893	1067 (18%)
1996-97	59600	5960	5023	937 (16%)
1997-98	59600	5960	4320	1640 (28%)
1998-99	59600	5960	4315	1645 (28%)
1999-2000	59600	5960	4421	1539 (26%)

Lesser number of Urdu NFE centres.

Shortfall in establishing Urdu NFE centres, ranged between 16 and 28 *per cent*. This was attributed to lesser number of Muslim populated areas available for establishing NFE centres. The reply was not tenable as about 17 *per cent* of total population of the State (13.91 crore) was from the Muslim community (2.41 crore), as per 1991 census. It also indicated that proper surveys were not carried out for establishing these centres.

Further, during 1995-96, 1996-97 and 1998-99, no text books in Urdu were supplied to the learners. Even during 1997-98 and 1999-2000 books were not supplied to 9 *per cent* and 56 *per cent* of the learners. Absence of text books defeated the objectives of the programme.

(iii) *Enrolment of children in NFE centres*

Targets for enrolment of children and achievements thereagainst, as furnished by the department was as under:

Year	Target for enrolment	Enrolment	Short fall	Percentage of shortfall
	(-----In lakh-----)			
1995-96	14.90	13.76	1.14	8
1996-97	14.90	13.94	0.96	6
1997-98	14.90	13.43	1.47	10
1998-99	14.90	14.15	0.75	5
1999-2000	14.90	13.86	1.04	7

* 1995-96: Rs.0.78 crore; 1996-97 0.90 crore; 1997-98:Rs.1.96 crore; 1998-99:Rs.1.03 crore; 1999-2000: Rs.0.58 crore.

Total enrolment of learners in NFE centres was less because of both the number of centres being less and the enrolment per centre also being less than the norms.

Enrolment figures were inflated.

As per the survey of SCERT carried out in 1998-99, the enrolment figures reported by the department were inflated by 44 per cent in 6 districts. The position was as under:-

Year	Name of the districts	Reported enrolment	Enrolment as found by SCERT	Difference	Percentage of inflation
1998-99	Azamgarh	32308	27798	4510	14
1998-99	Agra	16400	12695	3705	23
1998-99	Faizabad	12175	7490	4685	38
1998-99	Gonda	39877	23182	16695	42
1998-99	Ghaziabad	17499	15125	2374	14
1998-99	Jaunpur	42500	4106	38394	90
Total		160759	90396	70363	44

However, there was no record to show that Government had taken any action against the erring officers for their misreporting.

3.2.8 Non-continuance of studies

NFE programme envisaged that all NFE centres would provide education upto class V level. Arrangements of NFE upto class VIII level would be provided wherever necessary, so that the learners would avail of the opportunity of continuing their education without any gap. But arrangement was made upto class V level only. Scrutiny of records revealed the position of children enrolled and those who completed their education and entered into formal system of education after clearing class V level examination, was as under:

(Figures in lakh)

Year	No. of children enrolled	No. of children who completed 2 year course in NFE and appeared in class V examination (Percentage)	No. of children who passed class V examination	No. of children who joined class VI of formal system	Percentage of children who joined class VI after class V
1995-96	8.76	4.95 (57)	4.62	0.87	19
1996-97	5.12	2.79 (54)	2.59	0.94	36
1997-98	6.05	3.95 (65)	3.56	1.05	30
1998-99	4.99	2.33 (47)	2.14	0.66	31
1999-2000	8.19	4.61 (56)	4.05	0.69	17

Only 47 to 65 per cent of the children enrolled in second year appeared for class V examination

The above position indicated that the achievement of the programme was not significant. Only 47 to 65 per cent of the children enrolled in second year course of NFE Centres appeared in class V examination. The number of children who continued their studies further in formal system of education after completing the NFE course, ranged between 17 and 36 per cent only. Further, number of

children who passed class V level was 16.96 lakh (24 per cent) against 69.14 lakh children enrolled. This shows that the educational needs of the children enrolled under the project were not met to a large extent.

The reason for high dropout (35 to 53 per cent) can be attributed to failure of instructors in motivating the students, non-supply/delayed supply of text books and other learning materials and instructors not being paid incentive for the examinations held during 1995-96 to 1999-2000.

3.2.9 Non-appointment of supervisors

While formulating the NFE policy it was felt that the most important place belonged to the supervisors as the quality of the programme depended on them. The scheme envisaged entrustment of supervision of performance of 20 to 25 NFE centres per month to whole time NFE supervisors, preferably trained local youths. However, the appointment of supervisors was discontinued from 1992 and supervision of all the NFE centres was entrusted to Village Education Committees. These supervisors approached the court against abolition of their posts and the cases are pending. Surprisingly, State Government continued to get releases from Government of India for payment to supervisors which amounted to Rs.35.76 lakh during 1995-2000. The Department utilised the funds for purchasing fax machines, computers etc.

3.2.10 Training of Instructors

Instructors were to undergo an initial training of 30 days followed by re-training of 20 days every year. Funds were provided for this purpose.

Scrutiny of records revealed that the department had not arranged any initial training of 30 days during 1995-96 to 1999-2000. Instead, 20 days training was arranged in two sessions of 10 days each. Further, at a number of places (290 projects in 24 districts), training for both the sessions was delayed and arranged in the months of February or March when the sessions were about to end. Training arranged at the end of the sessions was unlikely to serve any purpose as the students enrolled in the courses were not likely to get any benefit from the improved teaching skills of the instructors. Thus, Rs.1.75 crore spent on such training were largely unfruitful.

3.2.11 Supply of text books/learning-writing materials

Text books especially designed on the basis of Minimum Level of Learning (MLL) syllabus, as also learning-writing materials viz, copies, pencils, rubbers, scales, slates and slate pencils, etc were required to be supplied to all the learners free of cost. Government of India fixed the scale of Rs.75 per child per year. It

Text books were not supplied to all the learners

was, however, noticed that only 29.33 lakh (52 per cent) books were supplied to 28.14 lakh learners against the requirement of 56.28 lakh books (Appendix IX). Again writing materials were not supplied to all the learners every year. Percentage of children who were not supplied the learning materials was as high as 99 per cent (Appendix X). In 17 out of 18 test checked districts, learning-writing materials were not supplied to any learner though fund availability was not a constraint.

3.2.12 NFE Programme through Voluntary Agencies

The details of NFE centres run by voluntary agencies (VAs) and financial assistance provided to them was as under:

(Rs. in crore)

Year	No. of VAs	No. of NFE centres run by VAs	Financial assistance provided
1995-96	95	5631	1.75
1996-97	93	5581	4.12
1997-98	96	6656	3.61
1998-99	96	7581	5.28
1999-2000	96	7581	4.76

Scrutiny of records and information collected in respect of functioning of NFE centres run by VAs revealed as under:

Failure of Voluntary Agencies.

(i) Out of total 13625 children enrolled in two-year course of NFE run by 3 VAs* (one in Firozabad and two in Rai Bareilly districts), 10426 (76 per cent) children cleared their final examination. However, percentage of children who continued their studies thereafter was as low as 23. Thus, achievement of these VAs in motivating the children to continue their studies was not significant.

Wrong text books supplied

(ii) Text books were also required to be supplied to all the learners enrolled in VA run centres. Director of NFE was to place orders for supplying them books. The records of the Directorate as well as those of the DNFEOs did not indicate placement of such orders. At some places, it was noticed that the text books prescribed for Basic Shiksha Parishad's primary schools, were supplied by the VAs. Supply of these books could not have served the purpose as the course under NFE was to be covered in two years against the normal period of 5 years under formal system of education.

Name of the VAs	No. of children enrolled in II year course during 1998-2000	No. of children who took up final examination	No. of children who cleared final examination	Percentage	No. of children who joined class VI	Percentage
1. Sarvodaya Sewa Sansthan Rae Bareilly	2500	2500	1415	57	458	32
2. Sarvodaya Shiksha Sadan Samiti, Firozabad	7375	7004	6640	95	1006	15
3. Avadh Lok Sewa Ashram, Raibareilly	3750	3020	2371	78	942	40
Total	13625	12524	10426	76	2406	23

VA centres not inspected (iii) Implementation of programme through VAs was not monitored. No system for regular inspections of VAs centres existed. The centres were inspected only when some complaints were received although the Government of India's guidelines envisaged that the State Government would undertake evaluation and supervision of the work of VAs and would apprise Government of India from time to time. The performance of VAs was not evaluated at all.

3.2.13 Suspected Misappropriation

(a) Test-check (November 2000) of the records of DNFEO Allahabad disclosed that Rs.5.25 lakh were spent during January 1999 on procurement of items like plastic buckets, brooms, carbon and dot pens for distribution to 2100 NFE centres. These items though entered in stock register were neither shown as issued nor were carried forward in subsequent years. DNFEO, Allahabad stated that no pertinent record relating to the purchase was available and as such it was not possible to intimate the exact position. This is not acceptable since the receipt of this material is already entered in Stock Register. In view of the above, the chances of misappropriation could not be ruled out.

(b) As per entries in the cashbook (PLA), of DNFEO, Deoria teaching/learning material worth Rs.20.93 lakh was purchased during February and March 1996. The records did not, however, indicate any distribution during 1995-96 or in the subsequent years. Thus, misappropriation of material/money could not be ruled out.

(c) One NFE project was transferred in July 1995 from Harpalpur Block of Hardoi district to Shohratgarh Block of Siddharthnagar which was having a lesser women-literacy rate. Scrutiny (February 2001) of the records of DNFEO, Siddharthnagar disclosed that though the Project Officer for this project was posted in December 1995, the selection of instructors for the project was not finalised till March 1996. However, the accounts of the programme exhibited Rs.1.44 lakh as honorarium to instructor and cost of their training, reportedly conducted from 12 March to 31 March 1996. With no instructor appointed till March 1996, the payment of honorarium and expenditure on training was not beyond doubt. The doubt was further strengthened from a letter issued by the DNFEO on 11 March, 1996 regarding training of instructors at various project sites wherein name of Shohratgarh project did not feature. To an audit query, no specific comments were offered by the DNFEO concerned.

3.2.14 Other points of interest

Irregular payment of incentive to NFE instructors

(i) The guidelines envisaged payment of cash incentives to instructors at the rate of Rs. 100 per male child and Rs.125 per female child subject to maximum of Rs.1200 per instructor per year on the basis of number of children qualifying

to enter upper primary level. The incentive was admissible to the instructors only if at least 10 children qualify examination. Accordingly, the Director of Education (Basic) issued (March 1995) instructions for payment of cash incentive to instructors on the basis of examination held in 1995-96 and selection of instructors for payment of cash incentive was to be made from 1997-98. The incentive was payable from 1997-98.

Records of District Non-formal Education Officer, Meerut, revealed that in violation of the above instructions, cash incentives of Rs.7.51 lakh were paid in November 1995 (Rs.5.97 lakh) and March 1996 (Rs.1.54 lakh) to instructors on the basis of the examinations held in 1993-94 and in 1994-95. The reasons for payment of incentive in violation of departmental instructions were neither on record nor stated.

Rs.10.06 crore diverted and spent on purposes not related.

(ii) Scrutiny of the records of the Directorate revealed diversion of Rs.10.06 crore during 1997-98 from the unspent balances of the grants released by the Government of India for procurement of 103 vehicles (Rs.3.09 crore), clearance of outstanding bills of electricity, telephone and fuel for automobiles (Rs.6.97 crore) of Education Department. None of the above vehicles were allotted to Officers in charge of implementation of the programme.

(iii) The charge of District Non-Formal Education Officers in many districts was looked after by the District Basic Education Officers (DBEO). Salaries of these DBEOs were to be paid from the Budget of the Education Department. But in 11 districts, Non-Formal Education Officers drew Rs. 26 lakh towards the salary of DBEOs and credited to Government in pursuance of Directorate's order of September 1998 (*Appendix XI*).

Rs.22.60 crore were irregularly remitted to Government revenue.

(iv) Further, Rs.22.60 crore were irregularly remitted to the State Revenue under instructions issued in February 2001 by the State Government.

(v) As per the programme, motorcycle advance of Rs.15000 or cost of the motorcycle, whichever was less, could be paid to the Project Officers. Instead of giving an advance the Project Officers were provided with motorcycles/mopeds which resulted in loss of Rs.89.40 lakh.

Reasons for deviation from approved norm were not on record.

Rs.14.28 lakh remained blocked for more than seven years.

(vi) Funds received under the programme were required to be deposited into PLAs of the Basic Shiksha Adhikaris. DNFEO, Raebareli received a bank draft of Rs.14.28 lakh in December 1993 for payment of honorarium and training allowances. The bank draft was deposited in current account of DNFEO in Union Bank but no corresponding entries were made in the office records. Consequently, the amount was lost sight of till December 1999 and remained unutilised for more than 8 years. On being pointed out in audit, the Government intimated that

the matter was being investigated and action would be taken against person found guilty.

(vii) The programme envisaged free supply of learning/writing materials to all learners. On scrutiny of records, it was noticed that large number of irregularities having financial implications to the extent of Rs.5.83 crore* were committed by seven DNFEOs during 1995-96 to 1998-99. Relevant records were not made available to audit as departmental enquiries in all these procurement cases were reportedly under process since 1998 (March-October). Final outcome of the enquiries was still awaited (June 2001).

3.2.15 Monitoring and evaluation

The guidelines laid emphasis on monitoring including data collection, Management Information System (MIS) and decision support system.

Scrutiny revealed that management information system remained undeveloped as no data regarding evaluation was collected from the Instructors. Besides, appointment of Supervisors was discontinued after 1992. Village Education Committees never inspected the NFE Centres. Impact of Non-formal Education Programme was not evaluated by any agency.

* Allahabad: Rs. 0.54 crore, Bahraich : Rs.0.71 crore, Deoria : Rs.0.21 crore, Jaunpur : Rs.1.09 crore, Meerut : Rs.0.86 crore, Rae bareli : Rs.0.91 crore and Sultanpur : Rs.1.51 crore.

SECTION 'B' PARAGRAPHS

JAIL DEPARTMENT

3.3 Locking up of funds

Premature release of funds to the executing agency without even acquisition of land for construction of district jail at Pithoragarh resulted in locking up of Rs. 75.10 lakh involving interest burden of Rs. 27.37 lakh to the Government.

A proposal for acquisition of 4.44 acres of land for construction of district jail at Pithoragarh was sent (April 1999) by Jail Superintendent, Pilibhit to District Magistrate, Pithoragarh with the request for issuing notification under Section 17 of Land Acquisition Act as earlier efforts for acquiring the land through mutual agreements with the owners of the land did not materialize even though a sum of Rs.15.10 lakh was deposited (May 1998) by the Department in accordance with the demand of the revenue authorities. The proposal for issuing notification under section 4(1)/17 of Land Acquisition Act was submitted by District Magistrate, Pithoragarh to Directorate of Land Acquisition, Board of Revenue, UP, Lucknow in May 1999. The issuance of notification under the said section of Land Acquisition Act was pending with the Government as of June 2001. Meanwhile Government had sanctioned Rs.60 lakh (March 1998 : Rs.35 lakh, May 1998 : Rs.25 lakh) for construction of jail buildings.

Test-check (November 1999) of records of Inspector General of Prisons, UP Lucknow (IG) and further information collected in June 2001 revealed that the IG, without waiting for issuance of notification and without even taking possession of land released Rs.60 lakh (March 1998; Rs.35 lakh, August 1998; Rs.25 lakh) to Director, Construction and Design Circle, UP Jal Nigam, Lucknow earmarked by Government for construction work of jail. The Nigam however, could not commence construction work as the land was not made available by the Jail Department (June 2001).

The IG stated (June 2001) that permission of the Government had been solicited (January 2001) for the refund of the amount lying with the Jal Nigam and District Authorities.

Thus, release of funds without ensuring the availability of site and depositing the funds even without notification for acquisition of land resulted in locking up of fund of Rs.75.10 lakh for the last three years. This led to interest cost of Rs. 27.37 lakh to the State Government.

Matter was referred to Government in June 2001; reply had not been received (February 2002).

**MEDICAL, HEALTH AND FAMILY WELFARE
DEPARTMENT**

3.4 Hospital running without specialists for over 5 years

Owing to non-posting of specialists, CHC building constructed at a cost of Rs.53.11 lakh remained unused for over 5 years

The construction of a Community Health Centre (CHC) consisting of main hospital and 16 residential units at Betalghat, District Nainital at a cost of Rs.49.24 lakh, was sanctioned by the Government in March 1987 on the basis of preliminary estimate framed by Public Works Department (PWD) in March 1986. The entire amount was released (March 1987) to PWD, laying down the condition that the work would be completed by March 1990.

Test-check (May 2000) of records of Chief Medical Officer (CMO), Nainital revealed that though the land was made available to the PWD in March 1987, the PWD constructed only 3 buildings (1 main hospital and 2 residential units of Type I) by September 1995 at a total cost of Rs.53.11 lakh. Scrutiny further revealed that PWD commenced the work two years belatedly in July 1989 due to delay of one year in finalisation of drawings and another one year in according technical sanction to the work by the Zonal Chief Engineer PWD (March 1989). The main hospital building was taken over by the CMO in September 1995. Further, CMO requested (December 1997) Director General, Medical and Health Services UP Lucknow to accord permission to PWD to submit a revised estimate as the revised estimate submitted (March 1994) earlier for Rs.81.58 lakh by PWD to the Department was not sanctioned as of date. Subsequently, PWD submitted (November 1998) the revised estimate for Rs.1.04 crore direct to the Government. The Government however, returned (September 1999) the estimate to the Directorate of Medical, Health and Family Welfare Department for examination and its comments for inordinate delay of more than 12 years in submission of revised estimate. The reply to Government observations along with revised estimate was not sent by the Directorate to Government as of October 2000. As a result, remaining 14 residential units could not be constructed even after a lapse of 14 years (June 2001).

Further, although the Government sanctioned (November 1994) the posts of specialists and other associated staff for the CHC, it has not been manned by specialists viz. Surgeon-1, Radiologist-1, Child Specialist-1, Dentist-1, Gynaecologist-1, Dental Hygienist-1, since its inception and these posts remained vacant as of June 2001. On being enquired in audit (July 2001), it was stated that the unit was functioning since September 1995.

The reply was not tenable, as the posts of all the specialists had remained vacant all along these years and therefore, the very objective of creation of the CHC i.e.

providing specialised medical services to the rural population could not be achieved.

Thus, delay in finalisation of drawings due to lack of co-ordination between both the departments coupled with reluctance of Zonal Chief Engineer, PWD in providing technical sanction to the work expeditiously accounted for non completion of CHC buildings within the stipulated period of construction work. Besides, lack of monitoring over the progress of work by the Health Department accounted for inordinate delay of more than 11 years in construction of the remaining residential buildings by the PWD. As a result of non-posting of specialists, despite the sanction of posts, the hospital building constructed at a cost of Rs.53.11 lakh could not be put to proper use depriving the target population of the intended benefits as of July 2001.

The matter was reported to the Government in June 2001; reply has not been received (February 2002).

3.5 Unproductive expenditure on construction of PHCs

95 per cent of fund sanctioned for construction of a PHC were exhausted on site development resulting in construction works remaining incomplete after incurring expenditure of Rs.47.30 lakh whereas another PHC constructed at a cost of Rs.29.35 lakh could also not be put to proper functioning due to non-posting of the Medical Officer.

A. The Government sanctioned (March 1997) the construction of a Public Health Centre (PHC) at Satapuli in District Pauri at an estimated cost of Rs.49.92 lakh. The work was entrusted (March 1997) to Project Director Construction and Design Services Unit (PD), Uttar Pradesh Jal Nigam (Nigam) and the entire amount was released (March 1997) by the Chief Medical Officer (CMO) to avoid cost and time overrun. The work was to be completed by December 1999.

Test-check (October 1999) of the records of CMO, Pauri and further information collected (September 2001) revealed that permission for transfer of forest land to the Department for construction of the PHC was given by the Government of India in January 1999. The Nigam started the work in January 1999 and spent Rs.47.30 lakh (95 per cent of the estimated cost) on site development as of February 2001, as against the provision of Rs.5.59 lakh (11 per cent) only in the original estimate. Meanwhile, a revised estimate of Rs.1.88 crore, i.e., 277 per cent above the original estimate submitted (December 1998) by the Nigam and subsequently reduced to Rs.163.46 lakh by the Department was sent to the Government (February 1999). Instead of approving the revised estimate, the Government directed (May 1999) District Magistrate (DM), Pauri to inspect the site and investigate as to whether the selection of site was proper or not and as to whether the original estimate was prepared only after site inspection by the

Committee constituted at the district level. The site was inspected by the DM alongwith the CMO, Pauri and PD (August 1999) and the inspection report was submitted to the Government in October 1999. DM inferred the following irregularities in his inspection report.

- (i) Estimate was framed by PD without inspection of site.
- (ii) Interpolations were made in the estimate by cuttings and over writings in rates and quantities which were also not attested by any officer of the Nigam.
- (iii) Misappropriation of funds were made in cartage of excavated earth. Cartage of earth was shown from a distance of 2 kms and 5 kms despite the availability of borrow area in the vicinity of 250 metres from the site.
- (iv) Although 96 *per cent* of the excavated earth was carted from 250 metres, 3 *per cent* from 2 kms and 1 *per cent* from a distance of 5 kms, Nigam manipulated the rates and quantities showing the cartage from a longer distance i.e. 1194.09 M³ from 500 metres, 2869.72 M³ from 2 kms and 8004.70 M³ from 5 kms.
- (v) PD charged the exorbitant rates of Rs. 45, Rs. 50 and Rs. 52 per M³ for excavation of earth respectively which were much above the PWD schedule of rates prevalent in the area at that time.
- (vi) Work was started by PD even before the transfer of land by forest department and technical sanction.

The DM also recommended blacklisting of the Agency (Nigam) after fixing the responsibility of the concerned officer of the Nigam for the irregularities followed by technical evaluation of the work.

However, responsibility for the aforesaid lapses pointed out by the DM, Pauri had not been fixed as of September 2001.

The CMO stated (September 2001), that second revised estimate of Rs. 1.10 crore submitted (April 2000) by Nigam was under scrutiny by PWD, as per request of Director General, Medical & Health Services, Uttaranchal, Dehradun.

Thus, misuse of the Government money in a large scale through manipulation in rates and quantities, 95 *per cent* of the funds sanctioned for construction of PHC as per approved estimates were exhausted on site development only. Moreover, intended objective of providing medical facilities to the population of the remote localities of the hill terrain was also not achieved and the expenditure of Rs.47.30 lakh was rendered unproductive for the last five years.

The matter was referred to the Government in June 2001; reply had not been received (February 2002).

B. Government accorded (March, 1991) sanction for the construction of a Primary Health Centre (PHC) at Pipali Rajak in district Uttarkashi at a cost of Rs. 21.50 lakh after a delay of three years from the date of submission of preliminary estimate by the Department in 1987-88. The work was initially entrusted by the Government to Samaj Kalyan Nirman Nigam, Dehradun which was subsequently, entrusted (September 1992) to the Public Works Department (PWD). As against the sanctioned amount of Rs.21.50 lakh between 1992-93 to 1995-96, PWD incurred an expenditure of Rs.29.35 lakh upto 1995 by diverting an amount of Rs.7.85 lakh out of the available funds meant for other works.

Test-check (October 1999) of records of Chief Medical Officer (CMO) Uttarkashi and further information collected (September 2001) revealed that the Government took 1½ years in finalising the executing agency. Further, site was made available to the PWD by the Department in March 1993 despite the fact that site selection was already done by the CMO in December 1985. Scrutiny also revealed that PWD after commencing the work in March 1993, submitted the revised estimate for Rs.45.45 lakh to the Director General, Uttaranchal Medical and Health Services, Lucknow due to increase in cost of labour and material. The revised estimate was however, returned (June 2000) to PWD for some clarifications which too were pending with PWD as of date. The PWD stopped the work in October 1997 after completing the work of the main building and 4 residential buildings (Type IV:1, Type I:3) while leaving the work of 4 residential buildings of Type-II, boundary wall, supply of electricity and water arrangement incomplete.

Further, audit scrutiny (September 2001) also revealed that only the constructed buildings were taken over by the Department in September 2000, 3 years after their completion owing to delay in supply of electricity and water arrangement while these facilities were also the part of original estimate and should have been provided simultaneously with the completion of building work (civil work).

The CMO stated (August 2001) that PHC was running in constructed building since the date of its handing over.

The reply was not tenable as no Medical Officer (M O) had been posted there, and PHC had been allowed to run under the local arrangement of only para medical staff (Pharmacist:1, ANM*:1, Class IV:3) since September 2000. Further, the services of para medical staff were of little use as the intended objective of PHC for providing medical facilities to the patients of the remote localities of the hilly areas in absence of MO could not be achieved.

Thus, delay of three years on the part of Government in providing approval for

* Auxillary Nursing and Midwife

construction of PHC and another 1½ years in finalizing the executing agency, coupled with delay on the part of CMO in making the site available to the executing agency led to prolonged unproductive expenditure of Rs. 29.35 lakh on incomplete project as of date and also resulted in cost over-run of Rs. 7.85 lakh. Besides, the failure of the Government in posting the MO also resulted in the denial of intended medical facilities to the beneficiaries since September, 2000.

The matter was referred to the Government in June 2001; reply had not been received (February 2002).

REVENUE DEPARTMENT

3.6 Avoidable payment of interest on land compensation

Lapses on the part of SLAO in dealing with land acquisition cases led to avoidable interest payment of Rs.2.37 crore.

Section 34 of the Land Acquisition Act, 1894 requires that interest at the rate of 9 *per cent* upto one year (from the date of taking possession of the land) and thereafter at the rate of 15 *per cent* per annum would become payable to the land owner if compensation for the land acquired was not paid/deposited on or before taking possession of the land.

Test-check (December 1999) of records of the Special Land Acquisition Officer, Irrigation I Unit, Tehri Dam Project, Tehri (SLAO) and further information collected (May & August 2001) revealed that the gazette notification under section* 4 of the Land Acquisition Act was issued for acquisition of 122.90 acres of land in two villages (Goran: 84.40 acres, Biryani: 38.50 acres) in January 1992 and August 1992 respectively, followed by required declarations under section** 6 of the Act in August 1993 and January 1994 for construction of Tehri Dam. Scrutiny further revealed that proposal for valuation of buildings falling within the area proposed for land acquisition was sent to PWD in January 1995. The possession of the land was however taken by SLAO in August 1995 and December 1995 respectively without getting the valuation report from PWD and even without waiting for the declaration of award for land compensation (Goran: November 1996 and Biryani: January 1999). Since the land compensation (Rs.9.32 crore) was not paid/deposited on or before taking possession of the land; avoidable interest aggregating Rs.2.37 crore had to be paid (Goran: Rs.61.44 lakh in March 1998; Biryani: Rs.175.42 lakh in July 1999) to the land owners.

* Under Section 4 District Magistrate issues notifications in official gazette that Land in any locality is needed or likely to be needed for any public purpose.

** Under Section 6, a declaration that any particular land is required for public purpose is issued under orders of Secretary to Government.

On this being pointed out in audit, the SLAO stated (May 2001) that the avoidable payment of interest had to be made due to delayed valuation (Goran: May 1995 to November 1995; Biryani; October 1996 to January 1998) of buildings falling within the area earmarked for land acquisition by the Public Works Department (PWD).

The reply was not acceptable as the Project Authorities violated provisions of Land Acquisition Act in taking possession of the land without valuation. Further, reluctance on the part of SLAO in dealing with the matter effectively after the receipt of valuation report from PWD resulted in delay of one year in declaration of award for land compensation and also accounted for delay of 7 to 16 months in making payment to the owners of the land even after declaration of award which resulted in avoidable payment of interest.

The matter was referred to Government in June 2001; the reply had not been received (February 2002).

SOCIAL WELFARE DEPARTMENT

3.7 Non-achievement of intended objective

Lackadaisical approach of the department in providing hostel staff for management of girls hostel resulted in failure to achieve the intended objective of extending residential facility to girl students even after spending Rs. 28.58 lakh.

Under special component plan (a Centrally Sponsored Scheme on 50:50 cost sharing basis) the Government sanctioned construction of a 50 bedded girls hostel at Tilotha (Uttarkashi) for providing free hostel accommodation to Scheduled Caste girl students at a standard estimated cost of Rs.11.12 lakh (February 1987). The staff for management of the Hostel were to be provided by the State Government. Due to revision of estimate, the cost was finally revised to Rs.28.78 lakh (January 1995). The work of construction of the hostel was entrusted to "Uttar Pradesh Samaj Kalyan Nirman Nigam," Uttarkashi (Nigam) by the Government.

A test-check (November 1999) of records of the District Social Welfare Officer, Uttarkashi (DSWO) and further information collected in May-June and August, 2001 revealed that the construction of the hostel building was belatedly started after 7 years in February 1994 by the Nigam and handed over to the DSWO (January 1995) after completing the work at a cost of Rs.28.58 lakh. Reasons for delay in commencement of the works were attributed by the DSWO mainly to non-availability of nazul land in the surrounding area of district headquarters

thereby necessitating the shifting of site. However, the girls hostel could not be put to use for the specific purpose for the last six years as the necessary staff required for management of the Girls hostel had not been posted even as of August 2001 by the department despite the sanction of the requisite posts* by the State Government in March 1997.

On this being pointed out in audit, the DSWO stated (August 2001) that under orders of the District Magistrate, Uttarkashi, male students were being accommodated for using the girls hostel partially (50 per cent) as the hostel was lying vacant and no staff had been posted for the management of the girls hostel.

Thus, due to the lackadaisical approach of the department in not ensuring the arrangement of the hostel staff despite the creation and sanction of requisite posts, the expenditure of Rs.28.58 lakh incurred on the construction of the hostel could not achieve the basic desired objective of the scheme for providing better and secured residential facilities to the girl students belonging to depressed classes who needed more protection especially in hilly terrains where travelling is arduous and unsafe. Besides this, abnormal delay in selection of site and finalisation of drawings resulted in cost over run of Rs.17.46 lakh.

The matter was referred to the Government in June 2001; reply had not been received (February 2002).

* Superintendent : 1, Peon : 1, Choukidar : 1, Cook : 1 and Kahar : 1.

CHAPTER IV

WORKS EXPENDITURE

SECTION 'A': REVIEW

IRRIGATION DEPARTMENT

4.1 Working of Irrigation Department including manpower management

Highlights

The management of Irrigation Department in respect of projects, finances, manpower and stores and stock was poor. The irrigation projects were completed with high cost and time over-run. Utilisation of irrigation potential created was 65 per cent in 1996-97 and declined to 31 per cent in 1999-2000 mainly due to leakage/seepage and non-availability of water till the tail end of the canal. Several divisions continued to function without work, rendering expenditure on their establishment unfruitful. A large number of heavy earthmoving machines and other construction equipment remained unused but the department had the work done through contractors. Machinery, equipment, spare parts and vehicles declared surplus/unserviceable were lying undisposed of for the last 1 to 30 years. Some of the main highlights are given below:-

> Five projects were completed with cost over-run of 519 to 2130 per cent and time over-run of 16 to 26 years.

[Paragraph 4.1.4.1]

> 15 ongoing projects remained incomplete even after time over run of 5 to 22 years from the stipulated date of their completion.

[Paragraph 4.1.4.2]

> Four projects were stopped after spending Rs. 71.32 crore without any addition to the already available irrigation potential.

[Paragraph 4.1.4.3]

> Rs. 11.10 crore from irrigation projects were diverted to maintenance of colonies and renovation of administrative buildings.

[Paragraph 4.1.6(b)]

> Rs. 5109.05 crore were spent on ongoing projects without administrative, technical and financial sanctions.

[Paragraph 4.1.6(d)(i)]

> 4570 officials declared surplus in 1999-2000 against 111 defunct divisions/units/circles, were not identified and removed. Rs. 78.70 crore were irregularly paid as salary during 1999-2001.

[Paragraph 4.1.7(ii)]

> Out of 494 heavy earth moving machines, compaction and ancillary construction equipment, 195 were declared beyond economic repair as of 1 April 1996, while 109 of them had run only 2 to 90 per cent of their normal standard life.

[Paragraph 4.1.9.2(i)]

4.1.1 Introduction:

Out of total land of 297.94 lakh hectares, the gross sown area in 1998-99 was 261.62 lakh hectares and the gross irrigated area was 176.98 lakh hectares. Out of this, 54.26 lakh hectares were irrigated through State irrigation schemes. The remaining area was irrigated through private tubewells, ponds, wells, tanks, etc.

4.1.2 Organisational setup

Irrigation department is headed by a Principal Secretary and a Secretary with 2 Engineers-in-Chief (E-in-C) assisted by 37 Chief Engineers (CEs). Superintending Engineers (SEs) are in-charge at circle level, Executive Engineers (BEs) at divisional level and Assistant Engineers at sub-divisional level for implementation and execution of the projects and their maintenance.

4.1.3 Audit coverage:

Records for the years 1996-97 to 2000-01 were test checked in the offices of E-in-C, Lucknow, 6 CEs/SE*, 15 EE*s during January to June 2001.

* CEs, Sharda, and Sharda Shahayak at Lucknow, Saryu Nahar Project-I at Faizabad and II at Gonda, Bansagar Canal Project at Allahabad, SE, Mechanical circle, Baharaich, EEs, Bansagar canal construction division I, II, III and V at Mirzapur, Saryu Nahar Khand VI and VIII at Baharaich, III at Basti, Saryu canal construction division, Faizabad, Barabanki Khand, Sharda, Barabanki, National Water Management Project, Sharda at Shahjahanpur and Hardoi, Sharda Khand, Shahjahanpur, Sharda Sahayak khand, Haidergarh, Mechanical Division, Motipur and State Engineers Academy, Kalagarh.

4.1.4 Project management:

At the beginning of IX Five Year Plan (1997-2002), 29 irrigation projects including 3 multipurpose projects undertaken between 1968 and 1992 were lying incomplete. No new irrigation projects were undertaken after 1992. Out of above 29 projects, 2 were being executed by outside agencies and all the 3 multipurpose projects went subsequently to Uttaranchal state. The department had targeted in 1997 to complete 17 projects out of remaining 24 in the IX five-year plan period. Status of the twenty-four projects as of March 2001 is given in succeeding paragraphs.

4.1.4.1 Completed projects

Five projects were completed with cost over-run ranging from 519 to 2130 per cent and time over-run of 16 to 26 years

Against 12 projects targeted to be completed during 1997-2001 only 5 projects were completed (*Appendix XII*). These projects had cost over-run ranging from 519 to 2130 per cent with time over-run of 16 to 26 years. The capital cost of irrigation per hectare which was estimated originally between Rs.525 and Rs.9867 had gone up to Rs.11703 to Rs.75438. Further, it took 20 to 29 years to complete these small projects, which were originally targeted to be completed in 3 to 5 years. Delays were attributed mainly to inadequate availability of funds and difficulties in acquisition of land.

4.1.4.2 Incomplete projects

Fifteen projects remained incomplete even after time over-run of 5 to 22 years.

Fifteen projects (*Appendix XIII*) started during 1968-92 for completion between 1979-96 were still (March 2001) incomplete after 5 to 22 years of their stipulated date of completion. According to revised estimates prepared between 1992-2001, the department proposed to complete these projects during 2001-08. The actual cost over-run, time over-run and capital cost of irrigation per hectare will be known only after completion as some of the costs were stated to be under further revision.

Detailed scrutiny of records of Bansagar Canal and Kanhar Irrigation Projects revealed that changes in design, non-acquisition of land, inadequate preliminary investigations and shortage of funds were responsible for delay. Project-wise analysis revealed the following.

(a) Bansagar Canal Project

Consequent upon an agreement (September 1973) by the Government of Uttar Pradesh (UP) with the Government of Madhya Pradesh (MP) to get 1.00 Million Acre Feet water from Bansagar Dam, the department prepared (1977-78) Bansagar Canal Project (BCP) Report and estimated the cost of the project as Rs.117.95 crore. The common water carrier of 22 Km. canal and feeder channel upto

15.24 Km for the dam which is in the State of MP were to be constructed by MP and the proportionate cost of Rs. 32.53 crore included in the above estimate was payable by UP. The remaining length (71.32 Km) of feeder channel from 15.24 Km. onwards (which is also partly in the State of MP) and, distributaries, strengthening of existing canals and other systems which are in the State of UP and required for irrigation of an additional 1.50 lakh hectares in Allahabad (0.75 lakh hectare) and Mirzapur (0.75 lakh hectare) districts were to be constructed by Irrigation Department of Uttar Pradesh. The BCP was targeted to be completed by 1991-92.

However, the department completed detailed survey work only by 1988-89 and submitted (1988-89) revised project cost of Rs.330.19 crore (including Rs.139.92 crore to be paid to MP) which was sanctioned by the State Government in January 1994. It was cleared by Central Water Commission (CWC) also in January 1994 subject to clearance from Ministry of Environment and Forest (E & F Ministry), Government of India, New Delhi. However, no construction activity was undertaken due to non-acquisition of land and the cost of BCP was once again revised in 1994-95 to Rs.457.66 crore (including cost of Rs.235 crore to be paid to MP). The construction work was started only in 1997-98 and was targeted to be completed by 2003-04 subsequently extended to June 2006. Scrutiny of records revealed that little progress could be achieved in the last four years as detailed below:-

Nature of work	Unit	Target	Achievement	Balance
1. Earth Work	M ³ (in lakh)	249.00	43.71*	205.29
2. Pucca Work				
(a) Tunnel	Km	2.10	Nil	2.10
(b) Acqueduct	Nos	3	Nil	3
(c) Others	Nos	494	37 Partially *	457 and 37 partially
3. Concrete lining	Km.	233.835	1.20*	232.635

The cost of the project was further revised in October 2000 to Rs. 1049.70 crore including Rs. 358.35 crore to be paid to MP for the work being carried out by them on behalf of UP.

Test-check of the records further, revealed that the BCP had not been well planned/ executed since the start of survey work as discussed below:

(i) The Department took 11 years (1977-78 to 1988-89) in conducting survey and preparation of the project report. The Government took more than five years in according administrative approval (January 1994). The Government did not furnish the reasons for the delay.

(ii) The entire land required in the State of MP was made available, on which

* Work done in MP by Irrigation Department, UP.

o Work done by Irrigation Department, UP in existing canals in UP under the CCA of BCP.

work was in progress. However, for the land required in UP, the Department was still (March 2001) processing the cases.

Execution of the project was started without clearance from GOI (E&F Ministry)

Due to refusal of E&F Ministry, GOI to hand over forest land for construction of canal, Rs.364.32 crore incurred so far might be rendered unuseful.

(iii) The project was cleared by CWC in January 1994. After obtaining impact study reports from Botanical Survey of India (BSI) and Zoological Survey of India (ZSI), the department was required to submit the project report to E & F Ministry, as 180.79 hectares of forest land was involved. However, the department approached (June 1998) the BSI and ZSI after more than 4 years. Reasons for the delay in initiating impact studies were not recorded in the files. On receipt of impact studies from BSI (December 1999) and ZSI (March 2000), the department submitted the project to E & F Ministry in April 2000 for their clearance. The forest land involved had earlier been declared a wild life sanctuary and as per Supreme Court's orders (November 2000), it could not be de-reserved for any other purpose, E & F Ministry, therefore, suggested (December 2000) realignment of the canal. However, even after realignment, minimum acquisition of 71.97 hectare forest land was essential for the only link channel Adwa-Meja. Thus, start of work without obtaining prior clearance from E & F Ministry endangers the entire expenditure of Rs.364.32 crore incurred so far. The department stated (March 2001) that it was preparing for an appeal in Supreme Court for de-reservation of the aforesaid land. The reply is unacceptable as the work should not have been started before de-reservation of forest land.

(iv) Earth work and *pucca* work on BFC should have been undertaken simultaneously for speedy completion of the project. This was ordered by Chief Engineer, Bansagar during his inspection in October 1998. But the drawings for construction of *pucca* work were not prepared as of March 2001 while earthwork was started in 1997.

(v) Width of berm and left bank of the feeder channel was proposed to be 1.50 metre in the original project. Accordingly, earth work commenced from November 1997 to January 1998 in different reaches and were near completion by March 2001. Meanwhile, E-in-C during his visit in October 1998 suggested an increase in the width of the berm by 2 to 3 meters for construction of breast wall to check slips on the left bank. While a proposal in this regard was under process, on the recommendation of another E-in-C in November 2000, a committee of Chief Engineers approved in its meeting (February 2001) as width of 6 metres for berm and left bank, to be including side drain on the plea that it was required to remove slips for maintenance and operation of BFC. The drawings were accordingly under preparation (April 2001) in the Department.

(vi) In the original project, 17 aqueducts were proposed in the BCP. It was, however, reduced to 7 in October 2000 and 3 in March 2001. The number of cross drainage, Village Road Bridges, District Road Bridges and Foot Bridges over the canals was also changed. Though, none of these works were undertaken till March 2001 but frequent changes in design indicated that despite taking 11

years to complete the survey, design of the channel had not been stabilised.

Thus, delay in acquisition of land in MP, non-acquisition of land in UP, delay in submission of proposal to E & F Ministry and frequent changes in design were responsible for time and cost over-run. The actual increase in cost would be known only after completion of the project.

(b) Kanhar Irrigation Project

The work remained suspended for 14 years due to non-availability of fund. Consequently, cost of project had gone up by 1130 per cent.

Kanhar Irrigation Project (KIP) was approved in 1976 for Rs.27.75 crore to provide irrigation facilities in 26085 hectare in Duddhi tehsil of Sonbhadra district, inhabited mainly by Scheduled Tribes. The cost was further revised to Rs.69.47 crore (1981-82). The work was started in 1976 with stipulated date of completion by 1984-85. However, after spending Rs.16.83 crore by 1982-83 with completion of 30 per cent earth work and 5 per cent pucca work on the main canal, the project was stopped for want of funds.

The work was restarted in 1988-89 and again suspended in 1989-90 due to paucity of funds. After a gap of about 17 years, the department further revised the cost to Rs.341.45 crore and decided to start the work in 1999-2000 for completion by June 2008. Allotment of funds was accordingly made but construction activity could not be undertaken till March 2001 as there was no technical preparation in the division to start the work. Due to non-maintenance of works in the last 25 years there were heavy rain cuts in the incomplete dam and residential/non-residential buildings and roads had dilapidated. However, revised cost in 1999 did not take into account the cost of repair/reconstruction of these items.

Further, during the 17 years when the project was closed, 2 construction divisions and 1 mechanical division had been functioning without any work resulting in unfruitful expenditure of Rs. 17.50 crore.

Thus, initially non-availability of funds hampered the work of KIP for about 14 years and ultimately when the funds were made available, the concerned divisions lacked technical preparation to start the work. The delay deprived the local population mainly Scheduled Tribes, the contemplated benefits besides increasing cost of project from Rs.27.75 crore to 341.45 crore (1130 per cent) with expected time over-run of 23 years.

4.1.4.3 Stoppage of projects mid-way

Four projects were stopped mid-way after incurring Rs. 71.32 crore without achieving intended benefits

Four projects were stopped mid-way (*Appendix XIV*) after incurring Rs.71.32 crore without any addition to the available irrigation potential. Out of these projects, Modernisation of Lahchura headworks and Modernisation of Agra canal were stopped in June 1995 due to non-clearance of the project by CWC. Modernisation of Bundeikhand/Baghelkhand canals phase-II was stopped due

to non-availability of funds. Reply to Audit's query regarding reasons for closure of Sone Pump canal was awaited (June 2001). The concerned divisions of above projects were deployed on other works.

4.1.5 Decline in utilisation of irrigation potential

Yearwise available irrigation potential and its actual utilisation are given below. Though there was a marginal increase in irrigation potential, actual utilisation declined from 65 to 31 *per cent* over the period.

(In lakh hectare)

Year	Irrigation potential available	Actual utilization	Percentage of utilisation of potential available
1996-97	108.74	71.21	65
1997-98	110.21	65.85	60
1998-99	111.55	54.26	49
1999-2000	112.72	34.67	31

Loss of water due to leakage/seepage and non-availability of water till the tail end of the canals were the main reasons for decline in utilisation. According to the Department, non-maintenance of canals has led to the carrying capacity of many canals being reduced substantially and these needed rehabilitation.

4.1.6 Financial management

Yearwise allotment of funds and expenditure under different components viz., works and establishment, revenue and capital is given below:

(Rupees in crore)

Year	Revenue			Capital		
	Allotment	Expenditure	Excess (+) Saving(-) (<i>per cent</i>)	Allotment	Expenditure	Excess (+) Saving(-) (<i>per cent</i>)
Works						
1996-97	O. 838.64 S. 0.03 T. 838.64	1064.72	(+) 226.08 (27)	O. 802.72 S. 1.38 T. 804.10	844.95	(+) 40.85 (5)
1997-98	O. 904.78 S. 5.62 T. 910.40	833.78	(-) 76.62(8)	O. 793.34 S. 16.10 T. 809.44	623.06	(-) 186.38(23)
1998-99	O. 880.81 S. 0.01 T. 880.82	790.83	(-) 89.99(10)	O. 928.60 S. 22.04 T. 950.64	576.22	(-)374.42(39)
1999-2000	O. 615.86 S. 24.68 T. 640.34	632.21	(-) 8.13 (1)	O. 800.07 S. 233.64 T.1033.71	662.49	(-)371.22(36)

Year	Revenue			Capital		
	Allotment	Expenditure	Excess (+) Saving(-) (per cent)	Allotment	Expenditure	Excess (+) Saving(-) (per cent)
Establishment						
1996-97	O. 460.43 S. .. T. 460.43	474.35	(+) 13.92 (3)	O. 117.90 S. .. T. 117.90	54.89	(-) 63.01(53)
1997-98	O. 570.22 S. 95.79 T. 666.01	588.10	(-) 77.91 (12)	O. 126.61 S. 45.46 T. 172.07	46.16	(-)125.91(73)
1998-99	O. 534.09 S. 109.13 T. 643.22	579.26	(-) 63.96(10)	O. 85.69 S. 3 5.77 T. 121.46	48.31	(-)73.15 (60)
1999-2000	O. 533.58 S. 0.02 T. 533.60	477.22	(-) 56.38 (11)	O. 123.96 S. .. T. 123.96	62.67	(-) 61.29(49)

(a) Budgetary assumptions

(i) It would be seen that budget estimates were unrealistic in almost all the years. There were excesses of 5 and 27 per cent in 1996-97 under Capital and Revenue sections respectively. Savings occurred in Revenue and Capital Sections during 1997-98 to 1999-2000, ranging from 8 to 39 per cent. All supplementary grants obtained during 1997-98 to 1999-2000 except under revenue section of 1999-2000 were unjustified in view of final savings under these heads.

Further, E-in-C surrendered Rs.774.53 crore during 1996-2001 due to non-approval of the schemes/outlay and non-requirement of funds for ongoing schemes, etc. Out of above, Rs. 120.45 crore surrendered in 2000-01 which pertained to 6 ongoing projects⁺ which had already been delayed by 6 to 23 years. The Department had attributed the delay to non-availability of funds when it was surrendering funds.

(ii) It would also be seen that savings persisted between 10 and 12 per cent under revenue section and from 49 to 73 per cent under capital section. As per rules, estimates were to be prepared on the basis of Men-in-Position but on the contrary, these were prepared on the basis of sanctioned strength which led to persistent savings.

(b) Diversion of funds

Rs.11.10 crore were spent on maintenance of colonies and renovation of administrative buildings such as office of the Engineer-in-Chief and Project

Rs. 11.10 crore were diverted from ongoing projects and were spent for the purposes for which they were not meant.

+ Jarauli Pump Canal, Sharda Canal, Rajghat, Saryu Canal, Ban Sagar Canal and Kanhar Irrigation Projects.

Preparation Unit Bhawan at Lucknow etc. by diverting funds from Sharda Sahayak Project (Rs. 2.89 crore), Saryu Canal Project (Rs.6.50 crore), BCP (Rs. 0.36 crore) and Kanhar Irrigation Project (Rs. 1.35 crore) even though these projects were starved of funds.

(c) Irregular issue/utilization of Cash Credit Limit (CCL)

(i) Finance Department issued orders (June 1998) that CCL would be limited to 35 per cent of the total allotment of the year in each of the first and third quarter and 15 per cent in each of the second and fourth quarter. It was further laid down (February 2000) that no CCL was to be issued in March. Test-check revealed that the above orders were not adhered to as shown below:

(Rs. In crore)

Quarters	1999-2000- CCL			2000-2001 CCL		
	To be issued	Actually issued	Percentage of actual issue to total allotment	To be issued	Actually issued	Percentage of actual issue to total allotment
April to June	298.16	167.85	20	345.60	171.30	17
July to September	127.78	143.82	17	148.11	186.79	19
October to December	298.16	233.65	27	345.60	196.27	20
January to March	127.79	306.57	36	148.11	433.06	44
Total	851.89	851.89		987.42	987.42	

Further, out of Rs. 433.06 crore issued in the last quarter of 2000-01, CCL of Rs.245.15 crore was issued in March 2001. This was in contravention of the orders of February 2000 and without specific orders from the Finance Department.

(ii) Further, under the orders of SEs, three divisions* utilised CCL of Rs.1.73 crore in 2000-2001 on payment of bills of other divisions in violation of orders.

(d) Unsanctioned expenditure

(i) Test-check of administrative, technical and financial sanctions in respect of 9 out of 15 ongoing projects revealed that Rs.5109.05 crore were spent without administrative sanction (1814.02 crore), technical sanction (Rs.1502.88 crore), and financial sanction (Rs.1792.15 crore). Further details are given on the next page :

Rs. 5109 crore spent without administrative, technical and financial sanctions.

* Bansagar Canal Construction Division I (Rs. 29.76 lakh) and V, Mirzapur (Rs. 61.40 lakh) and Saryu Nahar Khand III, Basti (Rs.81.98 lakh).

(Rupees in crore)

Sl No.	Name of the project	Status of sanctions			Expenditure as of 31 March 2001	Establishment expenditure (percentage)
		Administrative	Technical	Financial		
1	Chambal lift irrigation scheme	41.60	Awaited	11.42	90.77	22.73(25)
2	Maudaha dam	23.49	117.23	117.23	128.11	28.93(23)
3	Pathrai dam	3.21	31.66	3.21	47.08	7.57(16)
4	Bansagar canal	190.27	330.19	Awaited	232.83 (MP's share) 131.49 (UP's expenditure)	40.73(31)
5	Kanhar irrigation project	Awaited	27.75	27.75	48.86	18.02(37)
6	Rajghat	18.88	126.43	243.50	209.22	28.41(14)
7	Eastern canal	208.48	48.46	48.46	311.97	82.84(27)
8	Sharda Sahayak	199.50	314.85	314.85	1299.12	Not available
9	Jaranli pump canal	38.13	47.92	Awaited	24.84	Not available

(ii) It would also be seen that expenditure on establishment ranged from 14 to 37 per cent of the total expenditure against provision of 10 to 12 per cent in these projects.

4.1.7 Manpower management

(i) Sanctioned strength of staff and divisions etc.

Details of manpower and number of divisions/units/circles were as under :

Year	Manpower	Number of divisions/units/circles
1996-97	83612	757
1997-98	85749	757
1998-99	Not available	757
1999-00	84699	646
2000-01	84644	646

It would be seen from the above table that though the number of divisions/units/circles were reduced from 757 in 1998-99 to 646 in 1999-01, the sanctioned strength was only reduced marginally from 85749 in 1997-98 to a little below 85000 in 1999-2001. However, on the basis of norm for work load, only 600 divisions/units/circles with the sanctioned strength of 70272 officials were justified during 1999-2000 and 2000-01. Had the department reduced divisions/units/circles as per norm, Rs.104.00 crore per annum could have been saved on account of salary of officials in these divisions. E-in-C expressed (January 2001) his inability to furnish details of Men-In-Position for the period 1996-2000. Being controlling officer of both the grants, Establishment as well as Works, he was

required to maintain/keep the data for preparation of budget estimates and also for proper management of manpower.

(ii) Non-implementation of committee's recommendations

The State Government had constituted (December 1998) a committee to streamline the number of divisions/circles on the basis of work load and refix the number of officers and staff. The committee recommended in April 1999 that 130 divisions/units/circles be declared surplus.

Though, the department wound up 111 divisions/units/circles, only 6801 officers and staff (from Assistant Engineer to group D) were declared as surplus. Out of above 6801, the department adjusted 2231 against vacancies and finally declared 4570 officers and staff as surplus (July 2000). The Department did not identify the surplus persons, as of April 2001. Consequently, they are being paid salary of Rs. 39.35 crore per annum.

Though 111 divisions/units/circles were wound up but no posts of EE, SE and CE were declared surplus.

Further, not a single CE, SE and EE was declared surplus against these wound up divisions/units/circles, E-in-C stated (May 2001) that a decision had been taken not to reduce or abolish any post being filled by promotions. E-in-C's reply is not tenable as retention of all the posts of EEs, SEs and CEs in view of 111 wound up divisions/circles cannot be justified.

Further, the committee also felt that number of existing staff sanctioned for various divisions/units/circles was in excess of requirement as per their workload. Therefore, it recommended that number of staff of different categories ranging from 8 to 37 should be reduced in various divisions. The recommendations were yet to be implemented (April 2001).

The committee had envisaged that, on implementation of above recommendations, the department would save Rs.150.70 core per annum.

Department's comments regarding non-implementation of recommendations about reduction of staff in divisions/circles were awaited, as of April 2001.

(iii) Unnecessary retention/creation of divisions

Test-check through CCL revealed that no CCL was issued to 15 divisions in 1999-2000 and 7 divisions in 2000-01 and 12 divisions[#] received a total CCL of Rs.68.72 lakh in 1999-2000 (5 divisions-Rs.16.65 lakh) and 2000-01 (7 divisions-Rs. 52.07 lakh) which indicated no justification for their continuance. Thus, 34 divisions functioned without work/less work and approximately Rs.25 crore per annum spent on their establishment was unfruitful.

On this being pointed out in audit (April 2001), E-in-C stated (May 2001) that

Barrage Division-I, Kanpur was common in both years.

organisational set up of the department could not be changed every now and then if State government was unable to provide funds in any particular year. This is not acceptable and a dynamic manpower management was called for. It was observed that 5 divisions[©] did not receive any CCL for 2 consecutive years but the divisions were not closed. Thus, it was obvious that the organisational set up needs to be reviewed to ensure that superfluous divisions are weeded out.

(iv) Irregular absorption of daily wage workers as work charged staff

In view of Hon'ble Supreme Court's order of January 1996, 7744 Work Charged Staff (WCS) were to be regularised and 5516 daily wage workers who had completed 240 days as on 1 January 1993 were to be absorbed as WCS to the extent of posts falling vacant on regularisation of WCS. Accordingly State Government issued orders in February 1997 and reiterated it in August 1999.

418 daily wage workers were absorbed irregularly as work charged staff.

It was, however, noticed that against 7744 WCS awaiting regularisation at the time of Supreme Court's decision, 4431 WCS were regularised till March 1999. Against 4431 vacancies created in Work Charged Establishment (WCE), the Department absorbed 4849 daily wage workers. Thus, 418 appointments were made in excess. This created a liability of Rs. 1.61 crore per annum. Further, after absorption of 4849 daily wage workers, only 667 should have been left for absorption but there were still 2343 daily wage workers awaiting absorption in WCE, as of March 2000. Appointment/regularisation of WCS/daily wage workers over cut off figures was not only violative of State Government's repeated orders but was un-justified also in view of the fact that no new projects were started during the above period and ongoing projects were being carried out through contractors. Surprisingly, the E-in-C's office was not aware (April 2001) of the number of WCS/daily wage workers absorbed/regularized during 2000 and 2001.

4.1.8 Legal cases

As per existing orders, E-in-C was required to monitor all legal cases. For this purpose, a complete list of all court cases must be available in the office of the E-in-C but no such list except a list of 474 cases pertaining to contempt of Court against the Department was available as of February 2001.

Test-check of 969 cases in the offices of CEs*, revealed that

- (i) counter affidavits were not filed in 95 cases even after 1 to 14 years;
- (ii) 403 cases were 5 to more than 25 years old;
- (iii) 474 cases of contempt indicated delays in the Department.

© Drainage Division, Fatehpur, Irrigation Division, Etawah, Kanhar Construction Division-I & III, Sonebhadra, Rehand Division, Pipari.

* Saryu Canal Project at Faizabad and Gonda, Bansagar at Allahabad, Sharda Canal at Lucknow and CE, Equipment and Material Management at Lucknow and Barabanki division, Sharda canal, Barabanki

4.1.9 Management of Stores and Stock

4.1.9.1 Purchases

(i) On the basis of requisitions received from Regional Chief Engineers (RCE), CE, Equipment and Material Management (E&MM) is responsible for inviting tenders, their finalisation and for supplies including those firms which are on rate contract list. 10 per cent of the agreement amount is deposited by the selected firms as security which is to be released after 18/24 months after obtaining certificate from the consignees that the equipment/materials supplied by the firms were of requisite quality. Supplies are made by the firms direct to divisions. Payments are also made by the consignees on receipt of materials. In case of delay in supplies beyond agreed period, penalty is to be imposed by the consignee as per penalty clause in the agreements.

Securities were released to the firms by CE, E&MM without obtaining certificates from the consignees regarding performance of equipment/ material supplied to them.

Test-check of the records in the office of the CE, E&MM, however, revealed that it did not have a monitoring system of actual supplies of equipment/materials received by the divisions. It did not obtain from the consignees the information regarding quantum of supplies, delays or deficiencies in supplies received, etc. It was further noticed that CE, E&MM recorded the delays in supplies of equipment and materials on the basis of duplicate invoices received from the firms for the supplies to the divisions according to which, delays ranged from 6 days to 30 months during 1996-2001 in 63 cases out of 78 cases test-checked. It was observed that time extension was not allowed in 41 out of 63 cases as of September 2001. Despite these orders, in 15 out of the 41 cases, final payment was made without imposing penalty aggregating Rs. 42.14 lakh against delays in supplies. Further, during 1996-2001, in 22 cases, security amounting to Rs.41.63 lakh was released to the firms without obtaining certificates from the consignees regarding performance of equipment/material supplied to them. CE, E&MM stated (October 2001) that the consignees did not furnish the requisite certificates despite his requests, therefore security deposit was released as the period for retaining the security deposit were over as per agreement.

(ii) Test-check of EE, Bansagar Canal Division 2, Mirzapur indicated that the Division had purchased 24 tubular sheds of different sizes for Rs. 81.16 lakh in 1999-2000 and 2000-2001. These were lying unused as of March 2001. No justification of its purchase was on record.

In reply, EE stated (March 2001) that tubular sheds would be used during construction of canal work in future. However, purchase of tubular sheds without immediate requirement was not justified and Rs. 81.16 lakh remained blocked.

4.1.9.2 Stock

(i) Under-utilisation of machines and equipment

109 heavy earth moving machines, compaction and ancillary construction equipment were declared beyond economic repair after they had run only 2 to 90 per cent of their normal standard life

Out of 494 heavy earth moving machines, compaction and ancillary construction equipments in the department, 195 (40 per cent) were declared beyond economic repair (BER). Further, scrutiny of records revealed that, out of 176 BER equipments, the details of which were available, 109 with their age of 15 years or more had become BER after running only 2 to 90 per cent of their normal standard life as below:

Sl. No.	Number of equipment	Percentage of hours run to total standard life of equipment	Value (Rs. in crore)
1	29	Upto 20 (2 to 20)	4.17
2	30	21 to 40	1.26
3	18	41 to 60	1.20
4	23	61 to 80	0.99
5	9	81 to 90	0.32
6	67	91 and above	2.15

Reasons for which these machines/equipments could not run their full standard life were not on record.

Besides, there were 177 other construction equipments such as concrete mixers, air compressors, pumps, vibrators, welding sets, etc. out of which 65 were BER. However, details of capacity, year of purchase, original cost, standard life, total hours run etc. were not mentioned in the records made available to audit. Therefore, further scrutiny could not be done. Further, out of 260 BER items, only 52 items were auctioned during 1997-2001.

As per departmental instructions, census report was to be prepared every four years. After preparation of report in April 1996, the next was due on 1 April 2000 which, however, was not prepared, for want of inspection reports of these machines/equipment from 174 out of 238 divisions. This showed poor control of E-in-C over his subordinate offices.

(ii) Idle machinery

85 heavy earth moving machines and other equipment were lying unused and the work was got done through contractors.

(a) Thirty six heavy earth moving machines and 7 other construction equipments costing Rs. 4.38 crore have been lying idle in Mechanical Division, Mirzapur and Kanhar Construction Division I, Pipri (Mirzapur) for the last 11 years due to continuous closure of Kanhar Irrigation Project. Reply to audit's query as to why these machines were not transferred to other projects where these could have been used, was awaited (September 2001).

(b) Forty two machines/equipment available in Saryu Nahar Khand (SNK)

1, Motipur, Bahraich (22 machines) and SNK 8, Bahraich (20 machines) remained idle for the last 1 to 9 years. However, the work in Saryu Canal Project was being executed through contractors.

(iii) Non-disposal of unserviceable items

(a) 35749 items of spare parts were declared surplus as early as March 1980 in Central Stores Division 3, Kalagāth (Bijnor). Regional Disposal Committee valued (October 1995 and April 1998) these at Rs.5.12 crore. These items were still lying undisposed.

(b) 168 vehicles declared condemned during the period 1996-97 to 2000-2001 were lying undisposed. Delay in disposal of these was attributed to non-competitive bids offered in auction. Estimated value of these vehicles was not available with CE, E&MM who was required to monitor the auction.

Non-disposal of condemned machinery and equipment, spare parts and vehicles for 1 to 30 years is bound to result in further deterioration, maintenance cost and loss to Government.

The matter was reported to Government in July 2001; reply had not been received (November, 2001).

SECTION 'B' PARAGRAPHS

IRRIGATION DEPARTMENT

4.2 Unfruitful expenditure on construction of hill canals

Construction of a hill canal without ascertaining the requirement of water for the cultivators accounted for non-utilisation of canal for irrigation whereas commencement of construction of two other hill canals without obtaining the possession of land resulted in stopping of work, thus rendering the expenditure of Rs.72.17 lakh unproductive.

(a) With a view to provide irrigation facility in Bhatwari and Dunda blocks of Uttarkashi (Uttaranchal), a scheme for hill canals (total length 12.10 km) was sanctioned (December 1984) by the Government. Out of total sanctioned length, administrative and technical sanction for construction of Bhankoli main canal (length: 6.500 km) at a cost of Rs 14.06 lakh was accorded (May 1984) by the Superintending Engineer (SE). The cost was revised (December 1997) to Rs 33.75 lakh for the reduced length of 5 km. with cultivable command area (CCA) of 200 hectares.

Test check (May 2000) of the records of Executive Engineer (EE), Irrigation Division, Uttarkashi revealed that the construction of 5 Km long Bhankoli canal started during 1989-90 was completed during 1996-97 at a cost of Rs.40.58 lakh. Though the canal was ready for use (June 1997) there was no demand for water by cultivators in the command area of the canal.

On this being pointed out, the EE stated that demand for water was not made by the cultivators in the command area of the canal as their fields were not leveled (April 2001). The reply of the EE was not tenable, as authorities should have assessed the prospective demand for water for irrigation before taking up the scheme.

Thus, due to poor planning by the department and non-utilization of canal by the cultivators, an amount of Rs.40.58 lakh spent on construction of canal remained unproductive even after a lapse of more than four years of its completion.

The matter was referred to Government (June 2001) reply had not been received (February 2002).

(b) Financial rules provide that no work should commence on a land unless it has been duly made over by the responsible Civil Officers and properly detailed design and estimate based on adequate survey for the work has been sanctioned by the competent authority.

The construction of two hill canals viz. Chamuagoth Canal and Bhatgaon Canal in District Almora was sanctioned by the Government in September 1983 at a cost of Rs.8.95 lakh and Rs.6.10 lakh respectively. Technical sanction of both canals were accorded by the competent authority in July 1984 and February 1986 respectively. The respective works were started in January 1984 and January 1985 without obtaining possession of the land and also without getting the prior sanction of detailed estimates by the competent authority. None of these canals could be completed (June 2001) due to non-acquisition of land and escalation in cost due to abnormal increase by about 300 *per cent* in quantities of various items of work as per site conditions during execution.

Scrutiny of records of the Executive Engineer (EE), Kumaun Irrigation Division, Almora (June 1999) revealed that works on both the canals were stopped from May 1994 and February 1994 after incurring expenditure of Rs.17.62 lakh and Rs.12.29 lakh thereon respectively. There were six gaps of 781 meter in Chamuagoth canal and two gaps of 1800 meter in Bhatgaon canal in which no work could be done as the land required was yet to be acquired. Meanwhile, on Bhatgaon canal, a sum of Rs.1.68 lakh was also spent on the repairs of the constructed portion damaged due to heavy rains in 1993.

On being pointed out (June, 1999) in Audit the EE stated (April/June 2001) that while the land acquisition cases were being processed, the work on both the canals was started in anticipation of acquisition of land.

Thus, commencement of the work by the EE without acquisition of required land and framing of improper estimates on the basis of survey carried out for another canal (Kalikhan) led to abnormal increase (about 300 *per cent*) in quantities of works resulting in shortage of funds. As a result, the construction of the canals had to be stopped and the contemplated benefits could not be provided to the beneficiaries even after incurring an expenditure of Rs.31.59 lakh.

The matter was referred to the Government (June 2001); no reply was received (February 2002).

4.3 Avoidable loss of Rs. 93.66 lakh due to fraudulent encashment of bank drafts

Advance payment through bank drafts to Consignment Sale Agent instead of Corporation/Companies led to fraudulent encashment of bank drafts and loss of Rs.93.66 lakh

According to Financial Rules, no payment of advance to suppliers is permissible except with the sanction of the Government who may, in exceptional circumstances, authorise such an advance after taking necessary precaution.

Test-check (December 1999) of the records of the Executive Engineer (EE), Mechanical Equipment and Stores Division-I, Sinchai Bhawan, Yamuna Colony, Dehradun, dealing with the procurement and storage of articles of stores for construction works of multipurpose hydro-electrical projects of Dehradun, revealed that without ascertaining the demand and necessity of cement, EE made advance payment of Rs.1.11 crore for supply of 90287 bags of cement. For this, 6 bank drafts amounting to Rs.43.41 lakh in favour of UP State Cement Corporation, Sonbhadra (Corporation) for 36000 bags and three bank drafts of Rs.67.74 lakh to M/s Maihar Cement Company, Satna (Company) for 54287 bags of cement were stated to have been handed over personally by EE in January 1998 and May 1998 respectively to the Corporation and Shri Shri Pal, the Consignment sale agent of the Company. Amounts of Rs.4.84 lakh and Rs.16.36 lakh were already lying with the above Corporation/Company respectively on these dates of payment. It was further observed that out of 6 bank drafts, two bank drafts of Rs.16.49 lakh were returned (March, 1998) by the Corporation due to their inability to supply the cement on account of closure of the factory. It was further noticed that out of remaining four bank drafts, one bank draft of Rs.1.00 lakh was credited (April, 1998) to the current account of the Corporation at Allahabad Bank in Saharanpur and balance of three bank drafts of Rs.25.92 lakh were fraudulently transferred to Account No. 4314 of M/s Shri Traders in Oriental Bank of Commerce, Saharanpur duly endorsed and stamped by the authorized signatory of the Corporation. No cement was, however, supplied against the advances.

Similarly, in the other case, on an enquiry by the EE, the Company intimated that it had not received any advance for supply of cement from the agent as such it refused to supply the same since the agent got above advances adjusted against his previous outstanding dues from the company. First Information Reports were lodged with the Police in both the cases in June 1999 but the amount had remained un-recovered as of August 2001.

Thus, the failure of EE in sending the bank drafts (Rs.67.74 lakh) directly to the concerned company and not taking precaution for safeguards of the Government money in other case, resulted in avoidable loss of Rs.93.66 (25.92 + 67.74) lakh. On this being pointed out (June 2000), EE stated (June 2000) that a committee to take action for recovery of the money was set up by the Government, the outcome of which was still awaited as of August 2001.

The matter was referred to the Government (June 2001); reply had not been received (February 2002).

Public Works Department

4.4 Inadequate planning in construction of a road resulting in unproductive expenditure.

Due to inadequate planning and faulty proposal, the expenditure of Rs.1.09 crore incurred on incomplete road was rendered unproductive.

According to financial rules, no work should be commenced unless detailed estimate, based on proper and detailed survey of site conditions have been formulated and technically sanctioned by the competent authority.

The construction of 22 kilometre length of Dudharkhal-Dharkot light vehicle road in Pauri district was administratively approved and financially sanctioned (October 1989) by the Government for Rs.77 lakh from the State Contingency Fund (SCF). The sanction, interalia, provided that the detailed estimate of the work should be technically approved within 2 months from the date of sanction. The total length of alignment, after detail survey, was found to be 31 kilometer, out of which 3 kilometer on both ends of road was already constructed. The remaining 25 kilometer length of road was to be constructed against sanctioned length of 22 kilometer.

Test check (November 2000) of the records of Executive Engineer (EE), Provincial Division, Landsdown revealed that the work was started (May 1991) without technical sanction to the detailed estimate. The revised estimate of Rs.126.90 lakh was sent (September 1992) to Government for administrative and financial approval and the Government did not sanction it. Technical sanction in 5 parts* amounting to Rs.108.32 lakh was, however, granted between February 1993 and February 2000 for construction of road in a length of 22 kilometer. Against this, EE spent (November 2000) a sum of Rs.1.09 crore in execution of hill side cutting (17.05 Km) and retaining walls (13 Km) without approval of technical sanction of the estimate for remaining (7 to 9) kilometer.

Further, the construction cost of two bridges of 24 meter span each at km 16 and 18 over the river Bhansgad and Kaligad was neither provided in the original proposal (Rs.77 lakh) nor sanctioned by the Government in the revised estimate (Rs.126.90 lakh). Consequently, after a period of 7 years, the estimate was again revised to Rs.226.94 lakh including the cost of two bridges and the remaining portion of the road (3 km), and sent to Government (July 1999) for approval.

*

Sl. No.	Sanctioning Authority	Reach	Length (Km)	Estimated cost (Rs. in lakh)	Sanctioning date
1.	CE, Garhwal	23-28	6	25.30	Feb. 1993
2.	CE, Garhwal	4-6	3	16.35	May 1995
3.	SE, 63rd Circle	20-22	3	16.70	Feb. 1996
4.	SE, 63rd Circle	17-19	3	18.65	Jan. 1998
5.	CE, Garhwal	10-16	7	31.32	Feb. 2000
	Total		22	108.32	

Government, thereupon, desired (February 2000) to submit the estimate of the bridge separately as a new work. The EE, however, informed the Government (June 2000) that 65 per cent of the road work was completed. He further added that work had been stopped and road could not be opened to traffic without construction of bridges. The matter was lying undecided till December, 2001. Moreover, the reserve forest land lying between km 7 and km 9 in the alignment of road and its transfer had not been obtained.

Thus, failure on the part of EE in commencing the work without adequate planning and survey, adoption of faulty proposal that excluded 2 bridges and 3 km length of road, delay in obtaining revised sanction and non-clearance of the forest land rendered the road work incomplete even after a lapse of more than ten years despite providing funds from SCF, the expenditure of Rs.1.09 crore, remained unfruitful as of June 2001.

The matter was reported to the Government (June 2001); reply had not been received (February 2002).

4.5 Wasteful expenditure on construction of Meeting Hall

Construction of building without conducting adequate geological survey of the site had resulted in wasteful expenditure of Rs.12.74 lakh

Financial rules provide that no work should be commenced unless a proper detailed design and estimates based on adequate survey has been formulated and technically sanctioned by competent authority.

Scrutiny of the records (October 1998) of Executive Engineer, Construction Division, PWD, Srinagar, Pauri revealed that Government sanctioned (July 1995) Rs.14.16 lakh for construction of a Meeting Hall and Dormitory in the District Training Institute located at Chari village. Technical sanction for construction was accorded (May 1996) by the Executive Engineer without detailed survey of the site and without obtaining a certificate of suitability of the site from the geologist.

The work commenced in October 1996 and was completed in July 1998 at a cost of Rs. 12.74 lakh. As safety factors were not incorporated as per norms, the building collapsed due to landslide during rains in October 1998. During investigation, the Departmental Enquiry Committee which was set-up by the Government, attributed the collapse of the building to start of work without obtaining geologist's report on a site prone to land slide and stated that the damaged building was of no use now.

Thus, due to failure of the Executive Engineer to obtain geological investigation report of the site before taking up construction work, an expenditure of Rs.12.74 lakh became infructuous.

The matter was reported to the Government (June 2001); reply had not been received (February 2002).

CHAPTER V

REVENUE RECEIPTS

5.1 Non-levy of interest

Under Section 8(i) of the U.P. Trade Tax Act, 1948, every dealer liable to pay tax is required to submit returns of his turnover at prescribed intervals and to deposit the amount of tax due within the time prescribed. Tax admittedly payable by the dealer, if not paid by the due date, attracts interest at the rate of 2 per cent per month on the unpaid amount.

During audit of Assistant Commissioner (Assistant) Trade Tax, Rishikesh (May 1999) it was noticed that admitted tax amounting to Rs. 5.73 lakh pertaining to the assessment year 1996-97 was deposited by the dealer (February 1999) after delay of 21 months and 27 days interest on which amounting to Rs. 2.52 lakh was leviable but was not levied and deposited.

On this being pointed out in audit (May 1999) the department stated (April 2000) that interest on the dealer has been levied (March 2000).

The case was reported to the Government (August 1999), their reply has not been received (February 2002).

5.2 Non-imposition of penalty under Central Sales Tax Act

Under the Central Sales Tax Act, 1956, a registered dealer may purchase goods from a dealer of another state at a concessional rate of tax by furnishing declaration in Form 'C' provided such goods have been specified in his certificate of registration. Issue of Form 'C' for purchasing goods which are not covered by the registration certificate constitutes an offence for which the dealer is liable to prosecution. The registering authority may, however, in lieu of prosecution impose penalty not exceeding one and a half times of the amount of tax which would have been levied.

During audit of two Assistant Commissioners (Assessment) Trade Tax, Rishikesh and Rudrapur it was noticed (between May 1999 and December 1999) that two dealers purchased shrink wrap film worth Rs. 1.50 crore and boiler, pipe fitting, bare and fire-bricks worth Rs. 7.80 lakh against Form 'C' during the year 1992-93 to 1993-94 and 1996-97, respectively which were not covered by their certificates of registration. The dealers were, therefore, liable to pay penalty of Rs. 23.62 lakh, which was not imposed.

On this being pointed out in audit (between May 1999 and December 1999) the department imposed the penalty amounting to Rs. 25.32 lakh (Rs. 24.15 lakh Rishikesh + 1.17 lakh Rudrapur) (between April 2000 and November 2000).

The cases were reported to the Government (between August 1999 and March 2000); their replies have not been received (February 2002).

CHAPTER VI

LOCAL BODIES AND OTHERS

SECTION 'A': REVIEWS

ENVIRONMENT DEPARTMENT

6.1 Environmental Acts And Rules in Regard to Air Pollution and Waste Management

Highlights

The objective of the Environmental Acts and Rules is to regulate the sources generating pollution and issue directions to the owners for adopting control measures and clean process technology, where necessary. A review of the activities of the Regulatory Authority, Uttar Pradesh Pollution Control Board (UPPCB) revealed that no survey had been conducted by UPPCB to identify the polluting industries. Further, most of the industries were operating without consent and without installing air pollution control systems, in contravention of Acts and Rules. The performance of Transport Department was also not satisfactory as it could not exercise prescribed checks on vehicles, which is the main source of air pollution. Thus, the objectives envisaged in the Acts and Rules were not achieved. The main findings have been highlighted below:

> Rs. 27.31 crore released by the Government of India for clean process technology and adoption of pollution control measures, were diverted for meeting the establishment expenses of Uttar Pradesh Pollution Control Board.

[Paragraph 6.1.5(b)]

> Out of Rs. 600.00 crore allocated in IX plan for Taj Trapezium Zone, only 15 projects costing Rs. 452.86 crore were approved by Mission Management Board. Rs.183.60 crore thereof were released during 1998-2001 and Rs. 132.58 crore were utilised.

[Paragraph 6.1.14]

> Against 8303 industries which required Air Pollution Control Systems, only 3403 (41 per cent) were installed and 699 were non-functional.

[Paragraph 6.1.7(e)]

> Transport Department could check only 3 to 6 per cent of all vehicles for pollution control.

[Paragraph 6.1.10(a)]

> 218 stone crushers in Jhansi (141) and Allahabad (77) region were causing air pollution as Uttar Pradesh Pollution Control Board failed to enforce remedial measures.

[Paragraph 6.1.8]

> In Obra Thermal Power Station Sonbhadra district, a surprise check by Central Pollution Control Board in December 1999 revealed that Suspended Particulate Matter ranged between 7307 and 8660 $\mu\text{g per m}^3$ which was 49 to 58 times above the prescribed norm.

[Paragraph 6.1.9(a)]

> No air sample could be collected by Uttar Pradesh Pollution Control Board from Thermal Power unit at Harduaganj-Aligarh as facility for collecting and monitoring samples was not available.

[Paragraph 6.1.9(b)]

> Though site identification work was carried out in 12 districts, only one site at Kanpur Dehat had been acquired in March 1997 for disposal of hazardous waste and disposal facility was yet to be created.

[Paragraph 6.1.12(a)(ii)]

6.1.1 Introductory

The Government of India enacted the Air (Prevention and Control) Act, 1981 and Noise Pollution (Regulation and Control) Rules, 2000. The Uttar Pradesh Air (Prevention and Control of Air Pollution) Rules, 1983 were also framed under Section 54 of the Air Act, 1981.

The Acts and Rules relating to waste management are: Environment (Protection) Act, 1986 (EP), Hazardous Waste (Management and Handling) Rules, 1989 and Amended Rules, 2000, Municipal Solid Waste (Management and Handling) Rules, 2000, Bio-Medical Waste (Management and Handling) Rules, 1998 and Amended Rules, 2000.

A review on implementation of Environmental Acts and Rules relating to Water Pollution was incorporated in the Report of the Comptroller and Auditor General of India for the year ended 31, March 2000-Civil, Government of Uttar Pradesh

(Paragraph 3.2). The present review is limited to implementation of Environmental Acts and Rules in regard to Air Pollution and Waste Management.

6.1.2 Organisational set up

Chairman, UPPCB, Lucknow is the overall head with a member secretary as its executive head. He is assisted by eight Chief Environmental Officers, one Chief Accounts Officer, two Cess Officers and two Law Officers. There are 18 regional UPPCB Offices.

6.1.3 Objectives of UPPCB with reference to the Act

- To prevent and control air pollution (including noise pollution) at source and maintain ambient air quality.
- To advise the State Government on formulation of policies for effective control and abatement of air pollution and waste management.
- To identify the hazardous wastes at source and to provide technology and suitable site for its safe disposal.

6.1.4 Audit coverage

Records of UPPCB, the Departments* involved in Taj Trapezium Zone (TTZ) at Agra, UP, Transport Commissioner at Lucknow and 11 Regional Offices# of UPPCB pertaining to the period of 1995-2001 were test checked during January to May 2001.

6.1.5 Financial aspects

(a) The main source of income of UPPCB is the State's share of Water Cess from Ministry of Forest and Environment and consent and authorisation fee directly realized by UPPCB. Receipt and expenditure was as under:

Year	(Rupees in Lakh)					
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Opening Balance	987.86	1366.07	2051.31	2945.06	3008.91	3151.43
Receipts	789.40	1136.35	1438.31	1185.21	949.21	1285.81
Total	1777.26	2502.42	3489.62	4130.27	3958.12	4437.24
Expenditure	411.19	451.11	544.56	1121.36	806.69	847.92
Balance	1366.07	2051.31	2945.06	3008.91	3151.43	3589.32

* Agra Development Authority, Forest Department, Irrigation Department, Jal Nigam, Nagar Nigam, Public Works Department and UP Power Corporation.

Agra, Allahabad, Dehradun, Ghaziabad, Gorakhpur, Jhansi, Kanpur, Lucknow, Moradabad, Noida and Varanasi.

From the above table it is evident that the unspent balances progressively increased.

Besides the above, UPPCB received a grant of Rs.570.59 lakh during 1995-99 from State Government under World Bank Project (Industrial Pollution Control Project) and incurred an expenditure of Rs.448.54 lakh therefrom during 1995-2001 leaving a balance of Rs.122.05 lakh.

(b) Diversion of grant received for pollution control measures

Rs. 27.31 crore earmarked for adopting pollution control measures and clean process technology were diverted towards establishment expenditure of regional offices of UPPCB.

During 1992-2001, Rs. 41.78 crore released by Government of India for the purpose of clean process technology and pollution control measures were not utilised. On this being pointed out in audit, it was stated that Rs. 14.47 crore out of Rs. 41.78 crore were lying as balance with UPPCB and Rs. 27.31 crore were diverted for meeting the establishment expenditure of its regional offices. The intended purpose of assisting the industries for clean process technology was thus, not achieved. Government stated in reply that the amount was diverted as per decision of UPPCB. The reply was not acceptable as the amount released by Government of India has been misutilised.

6.1.6 Control of air pollution

Air pollution may be categorised into two categories, industrial and vehicular. These are tackled by two authorities, i.e. industrial pollution by the UPPCB and vehicular pollution by State Transport Department.

6.1.7 Industrial pollution

(a) Regulatory functions of UPPCB

To control pollution, a comprehensive survey was required to be conducted to identify the air polluting industries and ascertain the extent of pollution. It was, however, observed that no such survey had been conducted. The Government stated in reply that as per latest information, there were 8445 polluting industries identified by the UPPCB. The reply was not correct as from the table given in para 6.1.7(e) 12932 industries required air consent in 2000-2001 in 15 out of 18 regions in the State.

(b) Air pollution control area and issue of consent

Initially, only industrial premises were declared as industrial pollution control area in U.P. The State Government, after consultation with UPPCB in November 2000, decided to declare the whole of the state as air pollution control area under section 19 of the Air Act. This decision was, however, to take effect from the

date of publication of a notification in the Gazette. UPPCB was not aware (September 2001) whether the notification had been published.

(c) Consent

Under section 21 (1) of the Air Act, it was mandatory to obtain prior consent of UPPCB to establish or operate any industrial plant in an air pollution control area. Applicants were required to apply for consent to UPPCB alongwith the prescribed fee at the rates ranging between Rs. 50 and Rs. 5000 depending upon the capital cost of the industries. To ensure that no industry except non-hazardous and non-polluting categories was in operation, particulars of such industrial units was to be maintained by UPPCB and by its regional offices. It was, however, observed that no such data was maintained. Consequently, the number of industrial units in operation without consent of UPPCB could not be ascertained. However, the information in this regard as furnished by 15 out of 18 Regional Offices (ROs) was as under:

Year	No. of Region	Total No. of Industries requiring Consent	Applications Received		Consent Granted		Rejected	Under process
			No.	Percentage	No.	Percentage		
1995-96	10	4535	1184	26	505	11	623	56
1996-97	11	6293	2049	33	984	16	1010	55
1997-98	12	7986	4434	56	2152	27	2206	76
1998-99	13	8544	3496	41	2038	24	1420	38
1999-00	13	9425	3646	39	2273	24	1329	44
2000-01	15	12932	3206	25	1899	15	1051	256
Total		49715	18015		9851		7639	525

In the absence of the basic records required to be maintained by UPPCB, the authenticity of the figures cannot be vouched for. Even the above table indicated that during the period 1995-2001, the percentage of applications received for consent against the total air polluting industries declined from 56 per cent in 1997-98 to 25 in 2000-01. It was observed that applications under process in a year were not processed in the subsequent year, with the result that the applications under process accumulated to 525 during the period 1995-2001. Non-disposal of these applications enabled 85 per cent of the industries running without consent in contravention of the Air Act during 2000-01.

Further, Environment (Protection) Rule, 14 envisages that industries requiring consent or authorization shall submit every year an Environmental Statement (ES) incorporating details of nature and quantity of fuel or material consumed by the unit and adequacy of measures adopted to control pollution. The UPPCB reported that only 1190 ES were received during the year 1995-2001 which indicated total disregard of EP Rules. It was also observed that ESs received were not processed and UPPCB was losing its authority on pollution control.

(d) Irregular waiver of consent fee

Under Section 21(1) of the Air Act, UPPCB was to issue consent for establishment of new industries or for increasing the capacity of the existing industries on payment of a prescribed fee. UPPCB, however, was issuing no objection certificates (NOC)[@] without any fee resulting in loss of revenue of at least Rs. 3.91 lakh calculated at the lowest rate of Rs. 50 per NOC during 1995-2001.

Against the target of consent fee of Rs.353.28 lakh to be realised by UPPCB and its regional offices during 1995-2001, consent fee realised was Rs.266.31 lakh (*Appendix XV*). Although, achievement was higher, UPPCB failed to ensure that all identified polluting industries were operating under consent. Further, the consent fee realised declined from Rs.84.83 lakh to Rs. 51.52 lakh over the period 1997-98 to 2000-01 indicating poor monitoring by UPPCB. UPPCB failed to identify the number of industries operating under consent and the total industries requiring consent.

(e) Air pollution control system (APCS)

4900 air polluting industries were functioning without adopting Air Polluting Control System (APCS) and 699 industries with non-functional APCS.

To keep the industrial emission within the prescribed standard, the industrial units are required to install the APCS of the design and capacity as approved by UPPCB. Information regarding number of air polluting industries requiring APCS and industries with functional and non-functional APCS was collected by audit from 15 out of 18 regional offices of the UPPCB, though the basic records in support of this information were not produced to audit. The details are given below:

Category	Total No. of Industries	No of Industries					
		Air Polluting	Requiring APCS	With APCS	Without APCS	Functional APCS	Non-functional APCS
Large	382	294	281	277	4	237	40
Medium	630	425	391	319	72	304	15
Small	13095	12213	7631	2807	4824	2163	644
Total	14107	12932	8303	3403	4900	2704	699

Out of 12932 air polluting industries, 8303 industries required APCS against which only 3403 industries (41 per cent) had installed APCS facilities while the remaining 4900 (59 per cent) were without APCS. Out of 3403 industries which had installed APCS, only 79 per cent were functional. Action was not taken under section 31-A of Air Act by UPPCB and under Section 5 of Environment (Protection), Act by State Government against the defaulting industries. The Government stated that with its limited resources, UPPCB had prioritised 17 categories of 822 highly polluting industries for monitoring and 754 units had

@ 1995-96 : 858, 1996-97 : 1394, 1997-98 : 1414, 1998-99 : 1298, 1999-2000 : 1670 and 2000-01 : 1182.

installed APCS. Reply of Government was not tenable and 68 highly polluting units were in operation. Apart from sufficient funds being available with UPPCB, it had failed to enforce installation of APCS, ensuring functionality of installed APCS and taking legal action against erring industrial units.

6.1.8 Air pollution by stone crushing unit

In the case of stone crushing units, suspended particulate matters (SPM) at a distance of 40 meters from a controlled isolated location as well as from a unit located in a cluster should be less than 600 microgram (μg) per cubic meter.

In Jhansi region, 158 units (Jhansi-74, Mahoba-50, Chitrakoot-24, Lalitpur-7 and Hamirpur-3) had SPM higher than the prescribed standards. A cluster of 50 units was operating at Kabrai in Mahoba. The result of air samples collected from these 50 units in March 2001 indicated that SPM in the air ranged between 891 μg to 2245 μg per cubic meter against the prescribed limit of 600 μg . The Government stated that UPPCB had issued 50 show cause notices and closed down 17 units at Mahoba. The remaining 141 units in Jhansi region were still polluting the air, out of which 91 units were not issued even the show cause notice.

In district Sonbhadra of Allahabad region, 123 units were under operation and the SPM in the air ranged between 884 μg to 1042 μg . The Government stated that UPPCB had closed down 42 stone crushers and 4 had installed complete APCS and 3 had partially complied with the requirements. The location of the these 7 units were not mentioned in reply. However, 77 units were still polluting the air.

6.1.9 Alarming emission of SPM in Thermal Power Plants

(a) Obra, Sonbhadra

Emission of Suspended Particulate Matter from Obra Thermal Power Plant Unit B ranged between 7307 to 8660 $\mu\text{g}/\text{M}^3$ against the prescribed standard of 150 $\mu\text{g}/\text{M}^3$.

There were two Thermal Power Stations, Unit A and Unit B at Obra in Sonbhadra district. In unit A, 8 units (5 of 50 MW and 3 of 100 MW each) were generating power from 1968. In unit B, there were five units of 200 MW running from 1977. No APCS had been installed in unit A. Although APCS had been installed in unit B, it was not working satisfactorily. The records of RO, Allahabad revealed that the samples of unit B tested in January 1996 and December 1996 showed the SPM of 1413 $\mu\text{g}/\text{m}^3$ and 1812 $\mu\text{g}/\text{m}^3$ respectively against the maximum permissible 150 $\mu\text{g}/\text{m}^3$. Further, the SPM of samples of the emission of unit no 11, 12 and 13 (Unit B) collected on surprise checks by the officers of the Central Pollution Control Board, Kanpur and Regional Office, Allahabad on 30 and 31

μg means 10^{-6} grams

December 1999 ranged from 7307 to 8660 $\mu\text{g}/\text{m}^3$. Higher SPM, thus, ranged between 4871 to 5773 *per cent*. As per UPPCB Pollution Control Status Report of March 2001 action had been taken for prosecution under section 22-A of Air Act, and that the case was pending in the Lucknow bench of Allahabad High Court. It was also observed that Central Pollution Control Board had issued directions under section 5 of EP Act, 1986 to the Chairman, UP State Electricity Board (UPSEB) on 20 February 1998 to submit time bound action plan within 15 days of the issue of the directions regarding installation of APCS. In spite of this, no action plan was submitted by UPSEB as of December 2001.

(b) Harduaganj, Aligarh

There were 7 thermal power generating units operating in Harduaganj, Hashimpur in Aligarh district since 1962. UPPCB intimated that there was no proper APCS to control the SPM. However, the actual quantity of the SPM could not be ascertained as there were no monitoring facilities.

As such, UPPCB failed, not only in not controlling the pollution of the Thermal Power Station but also in ensuring installation of monitoring facilities for collecting required samples.

6.1.10 Vehicular pollution

(a) Checking of emission

Checking of vehicular pollution of total vehicles on road in the state was very poor ranging between 3 to 6 *per cent*.

The rules made under Motor Vehicle Act (MV Act), 1988 provides for six monthly checking of emission of every motor vehicle by Transport Department to ensure that its emission was within the prescribed limit. A certificate to this effect is also required to be issued to the owner regarding such checking. If the emission of any vehicle is not found within the prescribed limit, penal action is required to be taken under section 190(1) of MV Act. Scrutiny of records of the office of the Commissioner, Transport Department U.P. Lucknow (TC), however, revealed that during the years 1996 to December 2000, only 3 to 6 *per cent* of motor vehicles were checked. Details are as under:-

Year	No. of Motor Vehicles	No. of Checkings (2 per vehicle)	No. of vehicles checked	Percentage of checking
(-----Vehicles in Lakh-----)				
1996-97	31.88	63.76	3.94	6
1997-98	37.75	75.50	2.09	3
1998-99	40.27	80.54	2.25	3
1999-00	44.92	89.84	3.28	4
2000-01	46.57	93.14	2.39	3

(b) Shortage of Testing Equipment

Smoke density meters and gas analysers are two important equipments for testing vehicular emission. It was observed that smoke density meters were not available in 16 districts and both smoke density meters and gas analysers were not available in one district Farrukhabad. The State Government released Rs. 35.37 lakh for this purpose but only Rs. 13.08 lakh could be utilised and Rs. 22.29 lakh were surrendered to Government. Reasons for not providing the equipment to 17 districts despite availability of funds were not furnished.

6.1.11 Monitoring of Ambient Air Quality

In order to implement Section 16(2)(g) of Air Act, UPPCB was required to prepare annual action plan and conduct the monitoring of ambient air quality and take remedial measures wherever necessary. It was, however, observed that no action plan to improve the ambient air quality was prepared. The UPPCB was also responsible for centrally sponsored National Ambient Air Quality Monitoring (NAAQM) scheme. The UPPCB monitored the air quality in nine cities with 19 monitoring centres. It was collecting and testing samples from these centres and sending the data to the Central PCB, New Delhi. The details of the test results of ambient air quality are given in *Appendix XVI*.

SPM was much higher than the prescribed standard in the sensitive, commercial/residential and industrial areas as would be seen from the *Appendix XVI*. Similarly it was seen that Respirable Suspended Particulate Matter (RSPM) was not checked in all 9 towns covered under the scheme between 1997 and 1999. However, RSPM sample checked in 6 towns during 2000 and 2001 showed that against the prescribed standard of 120 µg for industrial area, quantity of RSPM ranged between 130 µg to 422 µg in 4 industrial areas and against the prescribed limit of 60 µg for commercial and residential areas, the RSPM was up to 306 µg in Renusagar and Anpara sites of Sonbhadra.

Government stated in reply that the data was being suitably utilised by UPPCB in its day-to-day functioning. It had cited examples of two cities, Lucknow and Agra (in TTZ) where remedial measures were taken to improve the air quality. In both cities, action was being taken only after intervention of the court. However, despite the court orders the Government failed to enforce the remedial measures to control air pollution with the result that the quantity of SPM at Lucknow and Agra could not be controlled within the prescribed standard as shown in the *Appendix XVI*. In fact, quality of Ambient Air deteriorated in two* out of three sites of Agra from 1998 onwards.

* Tajmahal and Bodla

6.1.12 Waste Management

(a) Hazardous wastes

(i) Identification and authorization

The owner/management of industry/plant generating hazardous waste is responsible to take all practical steps to ensure its handling and disposal without any adverse effect. Further, they are to seek authorization from UPPCB, which is to be granted only after it has satisfied itself that the unit possesses appropriate facilities and technical capabilities to handle the waste.

In Uttar Pradesh, 1036 industrial units had been identified as hazardous waste generating units. As per provision of the rule, all 1036 identified units were required to obtain authorization from UPPCB for running the industries but only 768 industries were issued authorization in the year 1999-2000. Of the remaining 268 units, 98 were stated to be closed and other 170 units were running without authorization. Member Secretary, UPPCB, however, stated that applications for 131 units were under process and remaining 39 industrial units had not applied for authorization as of May 2001. No action was taken by UPPCB against the defaulting units.

(ii) Identification of sites for disposal of hazardous waste

The UPPCB reported (September 2000) that annual generation of hazardous wastes was estimated at 1.46 lakh tons per annum. The districts generating largest quantity of hazardous waste were Etawah (0.49 lakh ton), Ghaziabad (0.14 lakh ton), Sonbhadra (0.11 lakh ton), Noida (0.10 lakh ton), Kanpur (0.10 lakh ton) and Kanpur Dehat (0.10 lakh ton). Besides, the six districts mentioned above, there were eight districts (Muzaffarnagar, Meerut, Lucknow, Bulandshahar, Moradabad, Mathura, Fatehpur, and Unnao) which were generating hazardous waste ranging between 5558 ton to 2103 ton per annum.

Survey for identification of disposal sites for hazardous wastes was undertaken by UPPCB in Kanpur, Kanpur Dehat, Ghaziabad, Noida and Meerut. The site for Kanpur Dehat was identified and acquired in March 1997 but the disposal facility had still not been created. As regards Meerut, Ghaziabad and Noida, the interim report of the site selection had been received but land acquisition was still pending with the district administration. Although UPPCB was aware that district Etawah was generating the largest quantity of hazardous waste, yet it failed even to conduct a survey for the identification of sites for disposal of hazardous waste.

In 7 districts[§], the site identification work was carried out by expert agencies

[§] Agra, Bulandshahar, Lucknow, Mathura, Moradabad, Sonbhadra and Unnao.

under the instructions of Environment Directorate, Lucknow at an expenditure of Rs. 41 lakh. In Lucknow district, land had been identified but it could not be used for disposal purposes as it belonged to the Forest Department. In the remaining six districts also, identification of sites had been done but the land had still not been acquired as of February 2001.

Due to non creation of disposal facilities, the hazardous wastes generated were not properly disposed of and continued to be a risk for environment. Besides, Rs. 41 lakh spent on identification of sites remained unfruitful.

(b) Bio-medical waste

Ministry of Environment and Forest, Government of India, notified the Bio-Medical Waste Management (Management and Handling) Rules, 1998 to regulate the collection, transportation and disposal of bio-medical waste. Under section 7 of the above rules, the State Government was required to establish a prescribed authority for granting authorisation and implementation of these rules within a month of coming into force of these rules (July, 1998). However, the State Government declared UPPCB as prescribed authority in June 2000 after a delay of 22 months.

As per revised schedule, UPPCB was required to identify Hospitals/Nursing Homes having 200 beds or more and issue authorization to them after satisfaction of the conditions set forth for this purpose by December 2000. UPPCB was to ensure that sufficient incineration facilities were acquired by the hospital/nursing home individually or collectively, for disposal of bio-medical waste. Government stated that the Board had initiated action to identify hospitals in the State for installing incineration facilities. Status paper had been prepared for Kanpur, Allahabad, Varanasi, Agra and Lucknow. Sixteen hospitals with more than 500 beds and 41 hospitals with 200 to 500 beds had been identified. 256 hospitals and nursing homes had been issued notices for compliance of provisions of these rules. Regarding installation of incineration plants, UPPCB stated (July 2002) that 32 incinerators had been installed in various hospitals and nursing homes in the State out of which 28 were in use and 4 closed as of April 2002. Two common facility incinerators had been established at Lucknow and Mathura as of September 2001. However, UPPCB could not enforce the installation of incineration plant for all hospitals and nursing homes with 200 beds and above within the time schedule of 31 December 2000 or even up to December 2001.

6.1.13 Penalties and Procedure

Failure to comply with the provisions of section 21 or section 22 or directions issued under section 31-A of the Air Act was punishable with imprisonment and fine. Penalties for certain acts of obstructions in discharging the lawful duties of UPPCB, and contravention of the Act were liable for prosecution under section

38, 39 and 40 of the Air Act. During the year 2000-2001, 4900 industrial units under operation without APCS and 699 with non-functional APCS (Total 5599) were liable for prosecution. According to Government reply, only 1298 cases were filed in the Courts against which 808 cases had been decided (718 in favour and 90 against UPPCB) and 490 cases had been pending in the Courts. Notices against 101 industries under section 31-A were issued for closure and 10 industries had been closed. The legal action stated above was thus confined to 1409 industries (25 per cent) only leaving out 4190 (75 per cent) defaulting industries unprosecuted.

6.1.14 Taj Trapezium Zone

With a view to provide environmental protection to the Taj Mahal, Government of India, Ministry of Environment and Forest constituted a Taj Trapezium Zone (TTZ) covering 10400 Sq. Km. area vide Notification issued in May 1999 under Environment (Protection) Act, 1986. The main objective was to ensure environmentally compatible development in the entire zone so as to protect the Taj Mahal and other heritage sites in the Zone. The Government of UP notified the "Taj Trapezium Environmental Protection Fund Rules" in 1999. Rs.600 crore were allocated during the IX Plan which were to be equally shared by the Centre and the State Government to implement various schemes relating to uninterrupted power supply to the industrial units of Agra, construction of Gokul and Agra Barrages, improvement of water supply and drainage system, solid waste management, widening of roads/construction of bypass roads and afforestation in the zone. The work was to be managed by the Mission Management Board (MMB) headed by the Chief Secretary, Government of UP along with representatives from State and Central Government.

The MMB approved 15 projects costing Rs.452.86 crore as of March 2001. The total amount released by the Government during 1998-2001 was Rs.183.60 crore against which Rs.132.58 crore (72 per cent) were utilised, Rs.5.36 crore were surrendered and Rs.45.66 crore remained unspent. Department wise details of release and expenditure is in *Appendix XVII*. It was observed that despite incurring an expenditure of Rs. 132.58 crore, there was no improvement in the ambient air quality in TTZ, due to lack of proper planning and implementation. Out of Rs.132.58 crore, Rs.15.29 crore spent by UP Jal Nigam and Irrigation Department (details given in succeeding paragraphs) were irregular and did not relate to protection of Taj Mahal.

Test-check of records of the various executing agencies revealed the following:

(a) Jal Nigam

The records of seven divisions located at Agra showed that Rs.2.07 crore were

diverted towards salary of establishment and Rs.4.19 crore as centage charges.

(b) Nagar Nigam, Agra

According to Executive Engineer, Nagar Nigam, Agra (May 2001), the solid wastes were not lifted daily from dustbins inspite of incurring an expenditure of Rs.7.33 crore on purchase of vehicles, implements for containerised handling, tipper trucks, workshop equipments, RCC platforms etc.

(c) Irrigation Department

Rs.1.25 crore and Rs.7.78 crore levied as centage charges by Agra Barrage and Gokul Barrage Divisions respectively were not admissible as assets created out of this fund pertained to Irrigation department.

(d) Public Works Department (PWD)

Rs.8 crore and Rs.5.66 crore were released to Construction Division of PWD for construction of one part of Agra bypass and improvement of 20 Agra city roads costing Rs.10.65 crore and Rs.48.75 crore respectively. An expenditure of Rs.4.28 crore was incurred on construction of 16.8 km. bypass road. The construction of remaining work (3.1 km. road) was held up due to dispute over land.

The objective of improvement of 20 city roads was to facilitate the smooth flow of traffic to curb vehicular pollution. Out of total cost of Rs.48.75 crore, a meagre amount of Rs.5.66 crore was released (August 2000) by State Government against which Rs.2.30 crore were spent and the rest (Rs. 3.36 crore) was surrendered as of March 2001. Thus, there was delay in curbing pollution in Agra.

(e) Uttar Pradesh Power Corporation Ltd.

A sum of Rs.5.55 crore was released for installation of 315 MV Transformer at 400 KV sub-station at Polipokhar (costing Rs.9.11 crore) during 1999-2001 and Rs.1.67 crore was spent on civil work. However, the supply of transformer could not be made till March 2001, i.e. the targeted date of completion. The main objective of the project, to provide uninterrupted power supply thereby avoiding the use of air polluting power generator sets could not be achieved.

6.1.15 Monitoring and evaluation

UP Pollution Control Board is the main regulatory authority in respect of the multifarious functions assigned to it. No control records/registers were maintained by the Board. The activities of the UP PCB were never evaluated by any independent prescribed agency.

RURAL DEVELOPMENT DEPARTMENT

6.2 Accelerated Rural Water Supply Programme

Highlights

Availability of adequate and safe drinking water is an index of socio-economic development of a country and is the responsibility of the State Government. Being a priority item, Government of India implemented various schemes and programmes from time to time to supplement the State Government efforts to provide potable water to the rural population. So, Accelerated Rural Water Supply Programme (ARWSP) was reintroduced by Government of India in 1977-78 when the progress of supply of safe drinking water under Minimum Needs Programme (MNP) was not as per expectation. Under ARWSP, 66037 rural habitations were to be covered by 1999-2000 but 3506 habitations remained uncovered by then and 89 even by 2001. Coverage reported by the State Government was inflated. The objective to provide safe drinking water to all rural habitations could not be achieved due to faulty planning, diversion of funds to disburse salary, ineffective monitoring and shortcomings in execution of works and operation and maintenance of schemes.

> Uttar Pradesh Jal Nigam irregularly charged centage of Rs 54.93 crore. Rs 168.30 crore was incurred as establishment charges of UPJN.

[Paragraphs 6.2.4(ii) and 6.2.4(iii)]

> No survey was carried out to ascertain whether the habitations covered were actually getting safe drinking water in the desired quantity

[Paragraph 6.2.5 (ii)]

> Out of 154572 hand pumps installed, 42227 hand pumps were not in working condition.

[Para 6.2.5 (iii)]

> Problem villages in district Unnao could not be provided safe drinking water even after spending Rs 43.86 crore.

[Paragraph 6.2.6.2]

> Water supply schemes of Tipari, New Tehri (Rs 91.48 lakh) and Dangatoli, Pithoragarh (Rs 46.30 lakh) remained incomplete.

[Para 6.2.6.3 and 6.2.6.4]

- Against total expenditure of Rs.488.92 crore, the excess expenditure of Rs.154.87 crore incurred on operation and maintenance of Rural Water Supply Schemes was irregularly charged to ARWSP and MNP Fund.

[Paragraph 6.2.7]

6.2.1 Introduction

Accelerated Rural Water Supply Programme (ARWSP) was introduced in 1972-73 to assist states to implement water supply schemes in problem villages (PVs). The programme was discontinued when the Minimum Needs Programme (MNP) was introduced in 1974-75. The programme was, however, reintroduced in 1977-78, when the progress of supply of drinking water to the identified problem villages under the MNP was not found satisfactory. The primary objectives of ARWSP were:

ensure coverage of all rural habitations.

ensure sustainability of the systems and sources,

preserve quality of water by institutionalising water quality monitoring and surveillance through a catchment area approach.

6.2.2 Organisational set up

At the State level, ARWSP was implemented by the Uttar Pradesh Jal Nigam under the Rural Development Department of State Government. In addition, a Scheme Clearance Committee (SCC) accorded approval to the schemes to be undertaken by Jal Nigam.

6.2.3 Audit coverage

Records of Jal Nigam were test checked and necessary information was collected from the Rural Development Department. At the district level, the records pertaining to 17 divisions of UPJN of 13* (19 per cent) out of 70 districts in UP and 9 divisions of 4** (31 per cent) out of 13 districts now in Uttaranchal were test checked. Information was also collected from 5 Divisions and 3 Zonal Chief Offices of UP and 1 Division and 2 Zonal Chief Offices of Uttaranchal. The expenditure of Rs.124.19 crore comprising 21 per cent of total expenditure under ARWSP was covered in the review.

* Agra, Allahabad, Barabanki, Bijnor, Gorakhpur, Hardoi, Jaunpur, Maharajganj, Meerut, Muzaffarnagar, Pratapgarh, Sitapur and Unnao.

** Almora, Dehradun, Pithoragarh and Tehri.

6.2.4. Financial outlay

(i) Central assistance was allocated to the State under ARWSP on the basis of matching provision by the State. Releases under ARWSP were not to exceed the provision for rural water supply made by the State Government under MNP. Details of funds released by Government of India/State Government and Expenditure incurred under ARWSP and MNP were as under:

(Rs. in crore)

Year	Funds released			Expenditure incurred		Saving (-)/ Excess (+)	
	Budget provision under MNP	By State under MNP	By GOI under ARWSP	MNP	ARWSP	MNP	ARWSP
1997-98	173.63	171.42	159.46	189.65	126.63	(+) 18.23	(-)32.83
1998-99	188.55	188.55	165.35	194.19	181.99	(+) 5.64	(+) 16.64
1999-2000	188.50	191.14	151.12	170.42	152.18	(-) 20.72	(+) 1.06
2000-2001	171.58	171.58	125.16	174.95	119.79	(+) 3.37	(-)5.37
Total	722.26	722.69	601.09	729.21	580.59	(+) 6.52	(-)20.50

Reasons for shortfall in releases from Government of India and savings of Rs. 20.50 crore under ARWSP were not stated. Excess expenditure over budget allotment under MNP during 1997-98 and 1998-99 was, however, reportedly met from the savings of the earlier years.

(ii) Irregular charging of centage / establishment expenses to ARWSP

UPJN irregularly charged Rs.54.93 crore as centages on ARWSP.

As per guidelines issued by Government of India, expenditure on departmental/centage charges* / establishment cost was not to be met out of ARWSP funds and a certificate to that effect was required to be furnished along with utilisation certificate to Government of India by UPJN. UPJN in contravention of the guidelines charged centage of Rs. 54.93 crore as detailed in *Appendix XVIII*.

UPJN irregularly met out of additional establishment expenditure of Rs.168.30 crore from ARWSP and MNP funds.

(iii) Similarly, Rs.168.30 crore being establishment expenditure during 1986-87 to 1997-98 was also charged to works implemented under ARWSP and MNP concerned (break up of expenditure under the schemes ARWSP and MNP was not available). On being pointed out, Nigam failed to provide justifications for contravening the Government of India's and State Government instructions. Further, during 1998-99 to 2000-01 also, UPJN diverted Rs.8.73** crore from ARWSP funds to meet part of establishment expenditure.

* Charges added to cost of work on percentage basis towards supervision, Tools and Plants etc.

** Calculated at the rates of 8 per cent and 5.50 per cent during the years 1998-99 and 1999-2000 to 2000-2001 respectively.

6.2.5 Physical progress

As on 1 April 1997, 66037 (NC#: 1788, PC#: 64249) habitations lacked safe drinking water facility. Under ARWSP, all habitations were required to be covered by the end of 1999-2000. In order to cover these habitations, the position of targets fixed and achievements thereagainst was as under:

Year	Target	Achievement	Shortfall (percentage)
1997-98	37394	27207	10187 (27)
1998-99	26286	20519	5767 (22)
1999-2000	17949	14805	3144 (18)
Total upto target period	66037	62531	3506
2000-2001	3670	3581	89(2)

It will, thus, be seen that although all the habitations were targeted to be covered by the end of 1999-2000, 3506 (NC:45, PC:3461) habitations remained to be covered and 89 uncovered even in 2001 (*Appendix XIX*). Audit scrutiny revealed the following:

(i) As per the quarterly progress report (March 2001) of the Rural Water Supply Programme, Government of India, Ministry of Rural Development (Department of Drinking Water Supply), 432 habitations were not covered and 4999 were partially covered by the end of 1999-2000.

Obviously, the State Government reported inflated figures regarding achievement.

(ii) The scheme also envisaged 40 litres of safe drinking water per capita per day (lpcd) for human consumption and 30 lpcd additional water for cattle in the desert development programme areas. No survey was ever carried out to ascertain if the habitations covered were actually getting safe drinking water in the desired quantity.

(iii) As per norms, the drinking water facility in the rural areas was mostly to be provided through installation of hand pumps. For this purpose 154572 hand pumps were installed in the State during 1997-98 to 2000-2001. Out of 154572 hand pumps only 1755 (1 per cent) hand pumps in 154 villages of 8 districts were verified/evaluated by the State Planning Institute in April 2000. The department had no information if all the reportedly installed hand pumps were actually installed and were functional. As per quarterly progress report March 2001 of the programme, 42227 hand pumps in the State were not in working condition.

Thus, the department implemented ARWSP without ensuring that the facilities provided were actually functional and safe drinking water in adequate quantity was provided to the population.

Not covered - NC

Partially covered - PC

6.2.6 Execution of works

6.2.6.1 Excess expenditure over the approved cost

ARWSP provided that amounts released were not to be utilised/adjusted against any cost escalation of schemes without the specific approval of Government of India. Records of 9 divisions of Jal Nigam in 6 districts revealed that Rs. 8.40 crore were spent upto March 2001 on 63 piped water supply schemes against the total sanctioned cost of Rs. 5.62 crore involving an excess expenditure of Rs. 2.78 crore (*Appendix XX*).

The above excess expenditure was without approval from Government of India.

6.2.6.2 Failure to provide safe drinking water in problem villages of Unnao district

Government of India conducted a survey (1993) in Unnao district and identified 706 villages, which did not have a safe source of water, out of which water in 459 villages suffered from fluoride contamination. Accordingly, a project comprising 54 groups of villages was prepared under Fluoride Sub-Mission to provide potable water to 616 villages (459 fluoride affected villages and 157 nearby villages) at a cost of Rs. 61.50 crore. Government of India sanctioned (March 1994) the project to be taken up in two phases - Phase I comprising 34 group of villages costing Rs 33.60 crore to be taken up from 1994-95 and Phase II comprising 20 group of villages to be started during 1996-97 at an estimated cost of Rs.27.90 crore for completion by December 2001.

The fluoride affected villages of Unnao could not get the prescribed quantity of safe potable water due to incomplete schemes, low voltage and irregular supply of electricity.

Test-check (March 2001) of records revealed that though the work in Phase-I villages was started during 1994-95 and Rs 36.91 crore had been spent thereon upto December 2000, 10 schemes were yet to be completed for want of funds. It was also observed in audit that out of 73 tubewells installed, 31 had no electric connection, 14 were running erratically due to low voltage and limited power supply hampering water distribution and 5 tubewells non-functional due to mechanical faults. The schemes of Phase II were in progress and Rs.6.95 crore had been spent (January 2001).

Thus, inspite of spending Rs 43.86 crore, objective of providing safe drinking water to the problem villages was only partially achieved.

6.2.6.3 Incomplete work

Records of Construction Division-II (UPJN), New Tehri revealed that Tipari Village Pumping Water Supply Scheme was sanctioned in January 1994 by Government of India to provide drinking water to the inhabitants of Tipari Village

at an estimated cost of Rs 1.93 crore. The work was started in February 1996. Government of India and Tehri Hydro Development Corporation (Corporation). Government of India released its share of Rs 94.69 lakh (cash: Rs. 63.65 lakh and material: Rs 31.04 lakh) by 1999-2000 but the Corporation had not released its share. An expenditure of Rs 91.48 lakh had been incurred and only 7.50 km. rising main, one pump house, 2 reservoirs, 8.92 km. distribution system and one transmission line had been completed upto March 2001.

Thus, non-completion of the scheme deprived the inhabitants of the Tipari village of potable drinking water.

6.2.6.4 Blockade of fund

According to codal provisions, work should not be started on forest land without approval of Government of India.

Records of Construction Division-III (UPJN), Pithoragarh revealed that Dungatoli Tok Group of Villages Piped Water Supply Scheme was started in December 1995 with stipulated date of completion in December 1998, without seeking approval from Government of India for use of forest land.

Due to 0.545 hectare of forest land coming in the alignment, construction only two reservoirs of 5 kilo-litres (KL) and 7.50 KL capacity against the envisaged construction of Six reservoirs (70 Kilo Liters capacity), two source work against four required and 23.50 km distribution system against 41.47 km could be completed as of April 2001 at an expenditure of Rs 46.30 lakh. The scheme was held up for want of approval of Forest Department (June 2001). The proposal for use of forest land was initiated by the Jal Nigam in March 1998, more than two years after the start of work.

In absence of approval for use of forest land from Government of India the scheme remained incomplete due to which, expenditure of Rs.46.30 lakh proved unfruitful.

6.2.6.5 Unfruitful expenditure on failed water supply schemes

Government of India approved Sangipur Group of Villages Drinking Water Scheme at Pratapgarh at an estimated cost of Rs. 24.00 lakh under ARWSP, to provide drinking water to Sangipur and its group of 7 villages.

The Scheme was taken up for execution during January 1987. Upto March 1995, work of construction of one tubewell, one overhead tank and distribution system of 20 kilometres were executed at a cost of Rs. 23.06 lakh. However, the scheme is not operational due to the failure of the tubewell.

Due to failure of tubewells, the expenditure of Rs.36.29 lakh incurred on the scheme became unfruitful.

The scheme was reorganised (March 1995) at a cost of Rs 13.23 lakh by drilling another deep tubewell, which too did not work. As a result, the entire expenditure of Rs 36.29 lakh became unfruitful and the inhabitants of this group of villages could not be provided with potable water.

6.2.7 Operation and maintenance

Irregular charging of expenditure on maintenance of schemes

UPIN irregularly charged the excess expenditure of Rs.154.87 crore on account of O&M of hand pumps/water supply schemes to ARWSP.

Guidelines envisaged utilisation of upto 10 per cent of funds released under ARWSP for operation and maintenance (O&M) of assets. From 1999-2000, Government of India increased allocation for O&M to 15 per cent of funds released every year. Records of the Jal Nigam, revealed that in majority of cases, the assets created could not be handed over to the Gram Panchayats for want of State Government's decision and therefore the burden of O&M remained with the Jal Nigam. The Jal Nigam had spent Rs.488.92 crore till 1998-99 against the admissible amount of Rs.184.20 crore under ARWSP, MNP and revenue charges. For the balance amount of Rs.304.72 crore, the State Government provided grants of only Rs 149.85 crore. Consequently, the Jal Nigam charged Rs 154.87 crore to ARWSP and MNP.

6.2.8 Human Resource Development (HRD)

As per guidelines issued by Rajiv Gandhi National Drinking Water Mission (RGNDWM), States were required to set up State level Human Resource Development (HRD) Cells for planning, designing, implementing, monitoring and evaluating an appropriate and need based HRD programme. The HRD programme aimed at empowerment of Panchyati Raj Institutions (PRIs)/Local Bodies and also for capacity building of Local Communities by giving requisite Grass Root Level Training (GRLT) to mechanics/health motivators/masons etc. especially women to operate and maintain hand pumps and other components.

Test-check revealed that Government of India released Rs 5.22 crore to the Jal Nigam for imparting GRLT during 1995-96 to 1999-2000. The HRD cell incurred an expenditure of Rs 5.19 crore on training of 18920 hand pump mechanics / pipeline fitters in 936 batches as of March 2001. No women hand pump mechanic was trained under GRLT as provided under the guidelines. Even the deployment of trained persons on operation and maintenance could not be ensured as in majority of cases the assets were yet to be handed over to Gram Panchayats (August 2001).

6.2.9 Information Education and Communication

RGNDWM envisaged creating awareness, regarding importance of safe drinking

water and on matters related to water borne diseases, their manifestations and symptoms, through Information, Education and Communication (IEC). Folk songs, folk drama, documentary films, pamphlets, brochures etc were recommended to be adopted. Government of India released Rs. 80.04 lakh for telecasting programmes of awareness (March 1997 : Rs 60.04 lakh, March 1998 : Rs 20.00 lakh).

The Jal Nigam released Rs. 15.00 lakh (June 1998) to state HRD cell without adopting any IEC strategy. HRD Cell spent Rs 5.41 lakh only on telecasting. Thus, Rs 74.63 lakh remained unutilised (April 2001) with UPJN and state HRD Cell and were deposited in Savings Bank Accounts.

Due to non-implementation of IEC Programme, the objective of creating awareness among the rural inhabitants regarding benefits of safe drinking water could not be achieved.

6.2.10 Insufficient Water Testing Laboratories

Government of India released Rs 99.23 lakh[#] to the Jal Nigam from February 1989 and March 1998 for setting up of one mobile laboratory and 67 stationary laboratories under Technology Mission. One mobile laboratory and six stationary laboratories only had been commissioned after spending Rs.15.93 lakh. The balance of Rs.83.30 lakh was lying in bank account of Jal Nigam.

On being pointed out in audit, the Jal Nigam stated that Government of India released Rs.1.36 lakh per laboratory against the norm of Rs.4 lakh per laboratory. The funds being insufficient, other labs were not established. The reply was not tenable, as Rs.83.30 lakh were lying unutilised. As a result, objective of providing safe drinking water remained unachieved.

6.2.11 Monitoring

For effective monitoring and implementation of various schemes, a special monitoring cell and investigation (MI) unit was established at the Jal Nigam headquarters. Though the information regarding physical and financial progress was collected by MI unit from executing agencies and submitted to Government of India, there was no evidence that the reports received from different Divisions of the Jal Nigam were ever analysed and the irregularities noticed were taken up for remedial measures. State Planning Institute (SPI) entrusted with the responsibility of monitoring time schedules and expenditure during execution of works was not effective as in most of the cases the time schedules prescribed for completion of the water supply schemes were ignored by the executing agencies. As regards quality control of the potable drinking water, regular and

[#] 1988-89: Rs. 7.93 lakh, 1990-91: Rs. 8.30 lakh, 1994-95: Rs. 37 lakh and 1997-98: 46 lakh

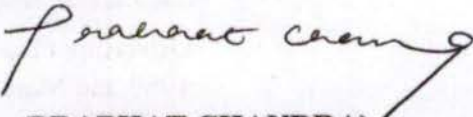
sufficient tests were also not carried out for want of sufficient water testing laboratories.

6.2.12 Evaluation

State Planning Institute (SPI) conducted an impact assessment of the rural drinking water programme during April 2000. For evaluation 2962 hand pumps installed in 154 villages of 8 districts of the State were selected but only 1755 hand pumps (59.03 per cent) were verified by SPI. This constituted one per cent of 154572 hand pumps in UP. No evaluation was carried out in respect of rural piped water supply schemes. Although, Rs.580.59 crore was spent during 1997-2001, supply of safe drinking water could not be ensured.

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

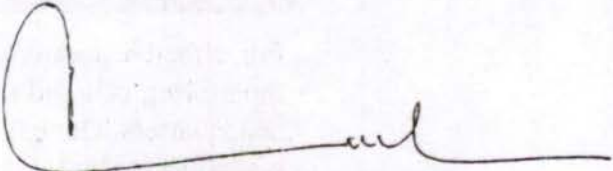
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The 9 अप्रैल 2003


(PRABHAT CHANDRA)

Accountant General, Uttaranchal

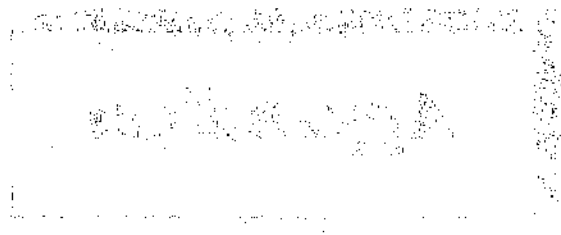
Countersigned

New Delhi
The 16 अप्रैल 2003



(VIJAYENDRA N. KAUL)
Comptroller & Auditor General of India

Appendices



Appendix-I

(Reference : Paragraph 2.3.2; Page 23)

Excess Expenditure, Major Head wise

(In Rupees)

Sl. No.	Name of Major Heads	Total grant/appropriation	Expenditure	Excess
Revenue - Voted				
1	2058- Stationery and Printing	15860000	15908568	48568
2	2407- Plantations	10010000	10126606	116606
3	2501- Special Programmes for Rural Development	8000000	9314000	1314000
4.	2551- Hill Areas	1510159000	1786832338	276673338
5	2702-Minor Irrigation	12010000	24083776	12073776
6	2711- Flood Control and Drainage	2000000	2614909	614909
	Total:	1558039000	1848880197	290841197
Capital - Voted				
7	4408-Capital outlay on Food Storage and Warehousing	30000000	220330428	190330428
8	4551- Capital Outlay on Hill Areas	414243000	1168691581	754448581
9.	4702- Capital Outlay on Minor Irrigation		839779	839779
10	6004- Loans and Advances from the Central Government	250000000	283401933	33401933
11	6551- Loans for Hill Areas	100000000	100214205	214205
	Total	794243000	1773477926	979234926
Revenue - Charged				
12	2014 - Administration and Justice	4000000	9533099	5533099
	Total	4000000	9533099	5533099
	Grand Total:	2356282000	3631891222	1275609222

Excess on Voted Grants : Rs. 1270076123
 Excess on Charged Appropriation : Rs. 5533099
 Total Excess : Rs. 1275609222

Appendix-II

(Reference : Paragraph 2.3.3.; Page 23)

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

(Rupees in crore)

Sl. No.	Major Headwise description of Grant	Amount of saving (percentage of total provision in brackets)
Revenue Voted		
1	2011- Parliament/State/Union Territory Legislatures	1.37 (86)
2	2014- Administration of Justice	9.23 (66)
3	2015- Election	4.46 (93)
4	2029 – Land Revenue	10.42 (49)
5	2040- Taxes on Sales, Trade etc	4.63 (72)
6	2053- District Administration	3.92 (39)
7	2054- Treasury and Accounts Administration	3.03 (51)
8	2059- Public Works	16.53 (52)
9	2070- Other Administrative Services	3.97 (31)
10	2071-Pension and other Retirement Benefits	122.80 (96)
11	2202-General Education	37.19 (15)
12.	2203- Technical Education	4.02 (18)
13	2204-Sports and Youth Services	1.17 (35)
14	2210- Medical and Public Health	13.74 (32)
15	2211- Family Welfare	3.03 (38)
16	2215- Water Supply and Sanitation	2.99 (75)
17	2217- Urban Development	1.42 (89)

Sl. No.	Major Headwise description of Grant	Amount of saving (percentage of total provision in brackets)
18	2230-Labour and Employment	2.35 (39)
19	2235- Social Security and Welfare	8.00 (50)
20	2236- Nutrition	4.20 (100)
21	2245- Relief on account of Natural Calamities	8.93 (64)
22	2401-Crop Husbandry	18.16 (66)
23	2402- Soil and Water Conservation	1.22 (20)
24	2403- Animal Husbandry	3.77 (35)
25	2404- Dairy Development	3.22 (89)
26	2406- Forestry and Wild Life	66.54 (71)
27	2408- Food Storage and Warehousing	1.32 (33)
28	2425- Co-operation	2.64 (52)
29	2505- Rural Employment	20.00 (100)
30	2515- Other Rural Development Programmes	6.71 (23)
31	2701-Major and Medium Irrigation	2.27 (11)
32	2801-Power	5.53 (99)
33	2810- Non-conventional Sources of Energy	2.50 (100)
34	2851- Village and Small Industry	2.54 (63)
35	2852- Industries	1.04 (87)
36	3054- Road and Bridges	24.05 (55)
37	3451- Secretariat-Economic Services	3.48 (97)
38	3452- Tourism	1.60 (70)

Sl. No.	Major Headwise description of Grant	Amount of saving (percentage of total provision in brackets)
Capital - Voted		
39	4055- Capital Outlay on Police	3.00 (100)
40	4058- Capital Outlay on Stationery and Printing	2.40 (100)
41	4059- Capital Outlay on Public Works	31.76 (96)
42	4070- Capital Outlay on Other Administrative Services	9.00 (100)
43	4202- Capital Outlay on Education, Sports, Art and Culture	13.80 (100)
44	4210- Capital Outlay on Medical and Public Health	1.80 (100)
45	4216- Capital Outlay on Housing	7.20 (100)
46	4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward classes	4.79 (100)
47	4235- Capital Outlay on Social Security and Welfare	2.40 (100)
48	4250- Capital Outlay on Other Social Services	1.80 (100)
49	4401- Capital Outlay on Crop Husbandry	3.72 (90)
50	4404- Capital Outlay on Dairy Development	3.00 (100)
51	4406- Capital Outlay on Forestry and Wild Life	1.20 (100)
52	4425- Capital Outlay on Co-operation	1.86 (100)
53	4515- Capital Outlay on Other Rural Development Programmes	1.90 (100)
54	4701- Capital Outlay on Major and Medium Irrigation	84.58 (85)
55	4711- Capital Outlay on Flood Control Projects	6.00 (100)
56	4851- Capital Outlay on Village and Small Industries	4.80 (100)
57	4859- Capital Outlay on Telecommunication and Electronic Industries	4.25 (100)
58	4885- Other Capital Outlay on Industries and Minerals	6.00 (100)

Sl. No.	Major Headwise description of Grant	Amount of saving (percentage of total provision in brackets)
59	5053- Capital Outlay on Civil Aviation	2.50 (100)
60	5054- Capital Outlay on Roads and Bridges	98.88 (99)
61	5425- Capital Outlay on Other Scientific and Environmental Research	3.00 (100)
62	5452- Capital Outlay on Tourism	15.87 (99)
63	5475- Capital Outlay on Other General Economic Services	4.80 (100)
64	6003- Internal Debt of the State Government	219.48 (92)
65	6075- Loans for Miscellaneous General Services	4.00 (100)
66	6215- Loans for Water Supply and Sanitation	8.00 (100)
67	6217- Loans for Urban Development	8.00 (100)
68	6801- Loans for Power Projects	45.00 (100)
69	6851- Loans for Village and Small Industries	6.06 (100)
70	7610- Loans to Government Servants etc	2.70 (84)
Revenue- Charged		
71	2048 - Appropriation for reduction or avoidance of Debt	40.00 (100)
72	2049 - Interest Payments	62.51 (35)

Appendix - III

(Reference : Paragraph 2.3.4; Page 23)

Statement showing the expenditure in excess by more than 10 percent of total provision and also above Rs. 0.25 crore

(Rupees in crore)

Sl. no.	Head of Account	Total Grant	Actual Expenditure	Excess over the Grant (Percentage of excess over total provision)
1.	4408- Capital Outlay on Food storage and Warehousing	3.00	22.03	19.03 (634)
2.	4551-Capital Outlay on Hill Areas	41.42	116.87	75.45 (182)
3.	6004-Loans and Advances from the Central Government	25.00	28.34	3.34 (13)
Revenue Charged				
4.	2014-Administration of Justice	0.40	0.95	0.55 (137)
Revenue Voted				
5.	2551-Hill Areas	151.02	178.69	27.67 (18)
6.	2702-Minor Irrigation	1.20	2.41	1.21 (101)

Appendix IV

(Reference : Paragraph 2.3.5; Page 23)

Irregular re-appropriation for new services

(Rupees in core)

Sl.No.	Major Heads	Funds provided through re-appropriation	Expenditure
1.	4425-Capital Outlay on Co-operation	1.86	Nil
2.	6425-Loans for Co-operation	0.94	0.94
3.	6551-Loans for Hill areas	10.00	10.02
	Total	12.80	10.96

Appendix V

(Reference : Paragraph 2.3.7; Page 24)

Anticipated savings not surrendered

(Rupees in crore)

Sl. No.	Major Head wise description of Grant	Amount of saving
Revenue Voted		
1	2011- Parliament/State/Union Territory Legislatures	1.37
2	2013- Council of Ministers	0.90
3	2014- Administration of Justice	9.23
4	2015- Election	4.46
5	2029 - Land Revenue	10.42
6	2030- Stamps and Registration	0.81
7	2039- State Excise	0.58
8	2040- Taxes on Sales, Trade etc	4.63
9	2051- Public Service Commission	0.80
10	2052- Secretariat – General Services	0.92
11	2053- District Administration	3.92
12	2054- Treasury and Accounts Administration	3.03
13	2055- Police	0.69
14	2059- Public Works	16.53
15	2070- Other Administrative Services	3.97
16	2071- Pension and other Retirement Benefits	122.80
17	2075- Miscellaneous General Services	1.00
18	2202-General Education	37.19
19	2203- Technical Education	4.02
20	2204-Sports and Youth Services	1.17
21	2210- Medical and Public Health	13.74
22	2211- Family Welfare	3.03
23	2215- Water Supply and Sanitation	3.00
24	2217- Urban Development	1.42
25	2225- Welfare of Scheduled Castes, Scheduled Tribes and other backward classes	0.84
26	2230-Labour and Employment	2.35
27	2235- Social Security and Welfare	8.00
28	2236- Nutrition	4.20
29	2245- Relief on account of Natural Calamities	8.93
30	2401-Crop Husbandry	18.16
31	2402- Soil and Water Conservation	1.22

Sl. No.	Major Head wise description of Grant	Amount of saving
Revenue Voted		
32	2403- Animal Husbandry	3.77
33	2404- Dairy Development	3.22
34	2406- Forestry and Wild Life	66.54
35	2408- Food Storage and Warehousing	1.32
36	2425- Co-operation	2.64
37	2435- Other Agriculture Programme	0.59
38	2505- Rural Employment	20.00
39	2515- Other Rural Development Programmes	6.71
40	2701-Major and Medium Irrigation	2.27
41	2801-Power	5.53
42	2810- Non-conventional Sources of Energy	2.50
43	2851- Village and Small Industry	2.54
44	2852- Industries	1.04
45	3054- Road and Bridges	24.05
46	3451- Secretariat-Economic Services	3.48
47	3452- Tourism	1.60
48	3604- Compensation and Assignments to local bodies and Panchayati Raj Institution	1.30
49	4055- Capital Outlay on Police	3.00
		439.53
Capital - Voted		
50	4058- Capital Outlay on Stationery and Printing	2.40
51	4059- Capital Outlay on Public Works	31.76
52	4070- Capital Outlay on Other Administrative Services	9.00
53	4202- Capital Outlay on Education, Sports, Art and Culture	13.80
54	4210- Capital Outlay on Medical and Public Health	1.80
55	4216- Capital Outlay on Housing	7.20
56	4220- Capital outlay on information and publicity	0.60
57	4225- Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward classes	4.79
58	4235- Capital Outlay on Social Security and Welfare	2.40
59	4250- Capital Outlay on Other Social Services	1.80
60	4401- Capital Outlay on Crop Husbandry	3.72
61	4403- Capital outlay on Animal Husbandry	0.60
62	4404- Capital Outlay on Dairy Development	3.00
63	4406- Capital Outlay on Forestry and Wild Life	1.20
64	4425- Capital Outlay on Co-operation	1.86

Sl. No.	Major Head wise description of Grant	Amount of saving
65	4515- Capital Outlay on Other Rural Development Programmes	1.90
66	4701- Capital Outlay on Major and Medium Irrigation	84.58
67	4711- Capital Outlay on Flood Control Projects	6.00
68	4851- Capital Outlay on Village and Small Industries	4.80
69	4859- Capital Outlay on Telecommunication and Electronic Industries	4.25
70	4885- Other Capital Outlay on Industries and Minerals	6.00
71	5053- Capital Outlay on Civil Aviation	2.50
72	5054- Capital Outlay on Roads and Bridges	98.88
73	5425- Capital Outlay on Other Scientific and Environmental Research	3.00
74	5452- Capital Outlay on Tourism	15.87
75	5475- Capital Outlay on Other General Economic Services	4.80
76	6003- Internal Debt of the State Government	219.48
77	6075- Loans for Miscellaneous General Services	4.00
78	6215- Loans for Water Supply and Sanitation	8.00
79	6217- Loans for Urban Development	8.00
80	6801- Loans for Power Projects	45.00
81	6851- Loans for Village and Small Industries	6.06
82	7610- Loans to Government Servants etc	2.70
		445.43
Revenue- Charged		
83	2012- President, Vice President, Governor, Administrator of Union Territories	0.97
84	2048 - Appropriation for reduction or avoidance of Debt	40.00
85	2049 - Interest Payments	62.51
	Total	103.48
		1166.88

Appendix VI

(Reference: Paragraph 3.1.6.3(c); Page 33)

Area covered under vegetative measures

(Area in ha)

Sl No.	Name of unit	Nos. of saturated MWs	Treated Area	Area Covered under Vegetative measures
(1)	(2)	(3)	(4)	(5)
1.	Jaunpur I	14	22557.00	4074
2.	Jaunpur II	15	18155.33	7688
3.	Pratapgarh	22	26592.75	9249.43
4.	Varanasi	3	3906.50	845
5.	Chopan at Chopan	22	19951.00	3076
6.	Mohali (Sitapur)	22	24811.00	9170.90
7.	Hardoi II	6	4361.00	2610.10
8.	Lakhimpur khiri	14	18524.00	16184.00
	Total	118	138858.58	52897.43

4.5=38 per cent

Appendix VII

(Reference : Paragraph 3.1.7; Page 35)

Establishment of sediment monitoring stations

(Rupees in lakh)

Sl.No.	Name of units	Year of launching Project	Year of providing stations	Amount released for sediment monitoring station
1.	2.	3.	4.	5.
Established				
1.	Chopan at Chopan	1990-91	1996-97	NA
2.	Janupur II	1996-97	1999-2000	3.98
3.	Pratapgarh	1992-93	1998-99	2.80
4.	Sitapur (Mohali)	1991-92	1998-99	2.45
	Total			9.23
Not established				
5.	Hardoi	1996-97	Not established	2.18
6.	Jaunpur I	1994-95	Not established	2.10
7.	Lakhimpur Kheri	1991-92	Not established	4.37
8.	Varanasi (Gyanpur)	1997-98	Not established	1.20
	Total			9.85

Appendix VIII

(Reference : Paragraph 3.2.6 (ii); Page 41)

Unrealistic budget estimates

(Rupees in crore)

Year	Budget provision		Total Budget provision	Total expenditure	Percentage of total expenditure vis-à-vis budget provision
	Original	supplementary			
1995-96	6.27	57.98	64.25	34.72	54
1996-97	63.78	---	63.78	44.06	69
1997-98	57.48	0.17	57.65	44.45	77
1998-99	68.55	---	68.55	28.71	42
1999-2000	56.87	---	56.87	26.79	47
2000-01	59.76	8.63	68.39	17.52	26
Total	312.71	66.78	379.49	196.25	51

Appendix IX

(Reference: Paragraph 3.2.11; Page 45)

Supply of Text Books

Name of districts	I				II			
	1995-96				1996-97			
	Children enrolled	Books required	Books supplied	Short supply	Children enrolled	Books required	Books supplied	Short supply
UTTAR PRADESH								
ALIGARH	19848	39696	25261	14435	20519	41038	-	41038
ALLAHABAD	52311	104622	62515	42107	53408	106816	*	106816
AZAMGARH	36936	73872	-	73872	37586	75172	-	75172
BADAUN	45000	90000	45135	44865	45000	90000	-	90000
BALLIA	35091	70182	-	70182	35091	70182	-	70182
BARABANKI	43995	87990	-	87990	39576	79152	*	79152
BASTI	32362	64724	33707	31017	32506	65012	-	65012
ETAWAH	16974	33948	27745	6203	18207	36414	*	36414
FIROZABAD	22602	45204	17505	27699	22882	45764	-	45764
JAUNPUR	40982	81964	-	81964	38640	77280	-	77280
LAKHIMPUR KHERI	38456	76912	40635	36277	38207	76414	-	76414
MEERUT	37705	75410	43500	31910	33535	67070	-	67070
MIRZAPUR	22289	44578	25910	18668	22669	45338	*	45338
RAIBAREILY	30839	61678	-	61678	33827	67654	-	67654
SIDDHARTHANAGAR	33986	67972	35485	32487	35022	70044	-	70044
SULTANPUR	37371	74742	N.A.	N.A.	39643	79286	N.A.	N.A.
TOTAL	546747	1093494	357398	661354	546318	1092636	-	1013350
UTTARANCHAL								
ALMORA	2256	4512	19075	-	2553	5106	2505	2601
CHAMOLI	3595	7190	-	7190	6715	13430	27468	-
NAINITAL	16920	33840	14686	19154	7082	14164	15005	-
TEHRI	5551	11102	9405	1697	5906	11812	-	11812
TOTAL	28322	56644	43166	28041	22256	44512	44978	14413
GRAND TOTAL	575069	1150138	401164	689395	568574	1137148	44978	1027763

III				IV				V			
1997-98				1998-99				1999-2000			
Children enrolled	Books required	Books supplied	Short supply	Children enrolled	Books required	Books supplied	Short supply	Children enrolled	Books required	Books supplied	Short supply
Uttar Pradesh											
20215	40430	-	40430	20045	40090	58260	-	19454	38908	15250	23658
53074	106148	-	106148	52610	105220	82775	22445	52630	105260	106044	-
36992	73984	26365	47619	37432	74864	76470	-	37324	74648	76800	-
45772	91544	105555	-	20371	40742	105473	-	24731	49462	84750	-
35094	70188	14400	55788	32550	65100	31510	33590	32550	65100	31405	33695
29486	58972	3510	55462	34473	68946	-	68946	35417	70834	73350	-
33012	66024	15720	50304	33125	66250	79282	-	32502	65004	65700	-
20695	41390	29260	12130	20332	40664	24675	15989	24633	49266	53837	-
22898	45796	5143	40653	22235	44470	41987	2483	22877	45754	47550	-
41220	82440	-	82440	42375	84750	-	84750	38887	77774	86800	-
36864	73728	68825	4903	36962	73924	-	73924	38123	76246	75000	1246
37329	74658	32285	42373	33303	66606	70989	-	37735	75470	76950	-
22663	45326	11795	33531	22515	45030	51845	-	22546	45092	-	45092
34653	69306	94160	-	32205	64410	10860	53550	34904	69808	70000	-
35022	70044	86008	-	34878	69756	5760	63996	35031	70062	105000	-
39622	79244	58745	20499	39701	79402	11910	67492	37736	75472	115385	-
544611	1089222	551771	592280	515112	1030224	651796	487165	527080	1054160	1083821	103691
Uttaranchal											
1872	3744	13470	-	1667	3334	10760	-	1821	3642	20235	-
7429	14858	-	14858	6236	12472	-	12472	5940	11880	41300	-
14501	29002	17245	11757	14989	29978	39875	-	13372	26744	15810	10934
5755	11510	20100	-	5464	10928	-	10928	4976	9952	21000	-
29557	59114	50815	26615	28356	56712	50635	23400	26109	52218	98345	10934
574168	1148336	602586	618895	543468	1086936	702431	510565	553189	1106378	1182166	114625

* Books prescribed for Basic Shiksha Parisad were supplied.

Summary of year wise enrollment and books supplied

Sl. No.	Year	Children enrolled	Total books supplied
1.	1995-96	575069	401164
2.	1996-97	568574	44978
3.	1997-98	574168	602556
4.	1998-99	543468	702431
5.	1999-2000	553189	1182166
Total		2814468	2933295

Appendix X

(Reference : Paragraph 3.2.11; Page 45)

Free Supply of Learning - Writing Materials

Name of districts	1995-96	1996-97	1997-98	1998-99	1999-2000
	Supplied Not-supplied	Supplied Not-supplied	Supplied Not-supplied	Supplied Not-supplied	Supplied Not-supplied
UTTAR PRADESH					
ALIGARH	Not supplied	Supplied	Not supplied	Not supplied	Not supplied
ALLAHABAD	Supplied	"	Supplied	"	Supplied
AZAMGARH	"	"	Not supplied	"	"
BADAUN	"	"	"	"	"
BALLIA	Not supplied	"	"	"	Not supplied
BARABANKI	Supplied	"	Supplied	"	Supplied
BASTI	"	"	Not supplied	"	"
ETAWAH	"	"	Supplied	"	"
FIROZABAD	"	"	"	"	"
LAKHIMPUR KHURI	"	"	"	"	Not supplied
MEERUT	Not supplied	"	Not supplied	"	Supplied
MIRZAPUR	Supplied	"	"	"	Not supplied
RAIBAREILY	Not supplied	Not supplied	"	"	"
SIDDHARTH NAGAR	Supplied	Supplied	"	"	"
UTTARANCHAL					
ALMORA	Supplied	Partly supplied	Not supplied	Not supplied	Not supplied
CHAMOLI	N.A.	N.A.	N.A.	Partly supplied	"
NAINITAL	Not supplied	Supplied	Not supplied	Not supplied	"
TEHRI	"	"	"	"	"

Percentage of children not supplied learning materials

Year	No. of districts	Children enrolled	No. of districts in which learning materials not supplied	Children not supplied learning materials	% in between column 3 & 5
1995-96	17	493121	6	145954	29.60%
1996-97	17	483576	1	33827	6.99%
1997-98	17	485897	12	322880	66.45%
1998-99	18	461392	17	455156	98.65%
1999-2000	18	476566	10	208717	43.80%

Appendix XI

(Reference : Paragraph 3.2.14 (iii) ; Page 47)

Irregular Remittance of money to Government Revenue

Name of District	Amount (Rupees in lakh)
Uttar Pradesh	
1. Azamgarh	2.93
2. Barabanki	1.18
3. Deoria	4.47
4. Etawah	2.14
5. Ferozabad	4.02
6. Lakhimpur Kheri	1.62
7. Meerut	0.83
8. Siddharth Nagar	1.25
9. Sultanpur	4.77
Total	23.21
Uttaranchal	
1. Almora	1.95
2. Nainital	0.84
Total	2.79
Grand Total	26.00

Appendix XII

(Reference : Paragraph 4.1.4.1; Page 59)

Details of completed projects as of 31 March 2001.

Sl. No	Name of project (year of commencement)	Estimates		Proposed date of completion (actual date of completion) as stated by the department	Cost over run (per cent)/	Culturable command area	Capital cost of projects per hectare	Benefit
		Year of estimate (original/last)	Amount (Rs. in crore)		Time over run in years			Cost ratio
					(Rs. in crore)	(in hectare)	(Lr rupees)	Original/last
1.	Tons Pump Canal (1968-69)	1968-69/ 1998	1.74 38.80	1971-72 1997-98 (March 1998)	37.06 (2130) 26	33155	525 11703	9.7 2.63
2.	Chittorgarh Reservoir (1977-78)	1974 1998	4.80 36.70	1981-82 1997-98 (March 1998)	31.90 (665) 16	16098	2982 22798	Not Available
3.	Modernisation of Ghagar Canal (1976-77)	1976 1998	3.71 59.20	1981-82 1998-99 (March 1999)	55.49 (1496) 17	44439	835 13322	Not Available
4.	Bewar Feeder(1978-79)	1978 1998	9.67 59.90	1981-82 1998-1999 (March 1999)	50.23 (519) 17	9800	9867 61122	4 1.61
5.	Gunta Nala Dam (1974-75)	1974-75 1998	1.85 29.27	June 1978 1999-2000 (March 2000)	27.42 (1482) 22	3880	4768 75438	2.12 1.28

Note : Revised estimated costs in 1998 of the projects are the actual costs also as shown in the above table.

Appendix XIII

(Reference: Paragraph 4.1.4.2; Page 59)

Position of incomplete projects as of March 2001

Sl. No	Name of project (year of commencement)	Estimates		Proposed date of completion- Original/ revised	Cost over run (per cent)	Culturable command Area (in hectare)	Capital cost of projects per hectare	Benefit Cost ratio
		Year of estimate/ original /last	Amount (Rs. in crore)		Time over run in years			Original
					(Rs. in crore)		(In rupees)	
1.	Chambal Lift Irrigation (1979-80)	1977 1998	6.63 91.00	1985-86/ June 2001	84.37 (1273) 15	6200	1069 14677	Not Available
2.	Maudaha Dam (1975-76)	1975 1998	23.49 143.12	1980-81/ June 2001	119.63 (509) 20	26574	8839 53857	Not Available
3.	Gyanpur Pump Canal (1976-77)	1974 1998	17.86 127.59	1980-81/ March 2001	109.73 (614) 20	65415 37730	2730 33817	Not Available
4.	Sharda Sahayak* (1968)	1968 1998	99.61 1276.17**	1978-79/ March 2001	1197.87(1203) 22	1925000	517 6701	Not Available
5.	Pathrai Dam (1982-83)	1981 2001	3.21 30.24	1985-86/ June 2001	47.03 (1465) 15	2998	10707 167578	1.43 1.06
6.	Eastern Ganga Canal (1976)	1976 1995-96	48.46 579.00	1984-85/ 2006	530.54 (1095) 21	105000	4615 55143	Not Available
7.	Madhya Ganga Canal (1977-78)	1973 1992	66.01 448.19	March 1985/ 2001-02	382.18 (579) 17	178000	3708 25179	4.34 1.32
8.	Saryu Canal (1977-78)	1977-78 1998	299.20 2765.16	1988-89/ 2005-06	2465.96 (824) 17	1404000	2131 19695	1.83 1.26
9.	Bansagar Canal (1977-78)	1977-78 2000	117.95 1049.70	1991-92/ June 2006	931.75 (790) 14	150132	7863 69980	2.89 2.35
10.	Kanhar Irrigation (1976-77)	1976 1998	27.75 341.45	1984-85/ June 2008	313.70 (1130) 23	33100	8384 103157	Not Available
11.	Rajghat Canal (1977-78)	1973 1999	14.06 258.41	1986-87/ March 2002	244.35 (1738) 15	138661	1014 18636	6.8 2.30
12.	Upper Ganga Canal (Modernisation Phase I, Time slice-1) (1984-85)	1983 1998	251.05 631.50	1990-91/ June 2002	380.45 (152) 11	9000	Not Applicable	Not Available
13.	Hindon Krishna Doab (1978)	1978-79 2000	5.65 64.17	1982-83/ 2001-02	58.52 (1036) 19	11600	4871 55319	2.66 2.30
14.	National Water Management Sharda Canal (1991-92)	1991 1999	36.14 102.98	1993-94/ March 2004	66.84 (185) 10	34000	Not applicable	Not Available
15.	Jarauli Pump Canal (1991)	1991 1997	27.55 47.92	1995-96/ June 2002	20.37 (74) 6	64495	6931 12056	2.28 1.76

* remained incomplete as on 31 March 2001.

* remained incomplete as on 31 March 2001.

** actual expenditure as on 31 March 2001 - Rs. 1299.12 crore

** actual expenditure as on 31 March 2001 - Rs. 1299.12 crore

Appendix XIV

(Reference : Paragraph 4.1.4.3; Page 62)

Details of projects stopped mid-way

(Rupees in crore)

Sl.No.	Name of project (year of commencement)	Estimates (original/revised)		Proposed date of completion	Sanctioned amount/actual expenditure (upto....)	Date of stoppage
		Year of estimate	Amount			
1.	Modernisation of Lahchura Head Works (1978-79)	1978-79	8.53	1983-84	4.17/ 2.86 (1992-93)	June 1995
2.	Modernisation of Agra Canal (1976-77)	1974 1995-96	4.96 45.63	1981-82	14.31/ 14.24 (1995-96)	June 1995
3.	Modernisation of Bundelkhand/ Baghelkhand Canals Phase-II (1991-92)	1991-92 1996-97	18.32 57.37	1996-97	5.66 7.48 (1995-96)	June 1995
4.	Sone Pump Canal (1973-74)	1973-74 1998	5.64 133.82	1977-78	38.07 46.74 (March 2001)	September 2000

Appendix XV

(Reference : Paragraph 6.1.7(d); Page 84)

Target and achievement of consent fee

Year	Target	Achievement
	(Rupees in lakh)	
1995-96	33.00	43.55
1996-97	33.75	46.95
1997-98	37.06	84.83
1998-99	42.50	69.23
1999-00	45.00	57.20
2000-01	75.00	51.52
Total	266.31	353.28

Appendix XVI

(Reference : Paragraph 6.1.11; Page 87)

Ambient air quality in Uttar Pradesh during 1997 to 2001

Name of the City	Name of Monitoring Site	Category	Parameter	Standard $\mu\text{g}/\text{M}^3$ (Annual Average)	Quantities of pollutants in the Air $\mu\text{g}/\text{M}^3$					
					1997	1998	1999	2000	January to March 2001	
1	2	3	4	5	6	7	8	9	10	
1. Agra	Tajmahal	Sensitive	SPM	70	568	468	480	503	514	
			RSPM	50	NA	NA	NA	NA		
			SO ₂	15	17	13	10	12		
			NOX	15	16	11	9	11		
	BODLA	Sensitive	SPM	70	504	460	435	535	666	
			RSPM	50	NA	NA	NA	NA		
			SO ₂	15	16	11	8	7		
			NOX	15	15	09	7	11		
	Nunhai	Sensitive	SPM	70	808	798	959	749	815	
			RSPM	50	NA	NA	NA	NA		
			SO ₂	15	16	26	21	19		
			NOX	15	17	21	16	16		
2. Gajraulla	Indira Chok	Commercial	SPM	140	478	251	267	270	330	
			RSPM	60	NA	NA	NA	185		
			SO ₂	60	42	NA	16	19		
			NOX	60	NA	NA	14	13		
	Rannak Auto	Industrial	SPM	360	263	306	371	409	506	
			RSPM	120	NA	NA	NA	288		
			SO ₂	80	29	NA	23	27		
			NOX	80	NA	NA	12	16		
	3. Ghaziabad	Shahibabad	Industrial	SPM	360	579	488	489	496	530
				RSPM	120	NA	NA	NA	NA	
				SO ₂	80	49	38	35	34	
				NOX	80	49	52	27	28	
Bulandsahar Road		Industrial	SPM	360	471	536	526	514	472	
			RSPM	120	NA	NA	NA	NA		
			SO ₂	80	27	39	35	28		
			NOX	80	43	46	36	28		
4. Noida		Dinsion India Ltd.	Industrial	SPM	360	476	467	450	429	452
				RSPM	120	NA	NA	NA	NA	
				SO ₂	80	NA	NA	NA	NA	
				NOX	80	NA	NA	NA	NA	
5. Lucknow	Mahanagar	Residential	SPM	140	368	386	328	354	361	
			RSPM	60	NA	NA	NA	195		
			SO ₂	60	28	26	25	28		
			NOX	60	31	29	27	30		
	Hazratganj	Commercial	SPM	140	547	470	370	321	321	
			RSPM	60	NA	NA	NA	176		
			SO ₂	60	34	31	24	28		
			NOX	60	39	31	28	30		
	Talkatora	Industrial	SPM	360	575	503	529	500	480	
			RSPM	120	NA	NA	NA	254		
			SO ₂	80	30	28	31	34		
			NOX	80	33	33	34	35		

6. Sonbhadra	Renusagar	Residential	SPM	140	247	229	375	269	233
			RSPM	60	NA	NA	NA	84	306
			SO2	60	66	68	60	61	64
			NOX	60	63	67	61	64	69
	Anpara	Residential	SPM	140	344	266	330	204	312
			RSPM	60	NA	NA	NA	81	306
			SO2	60	62	56	60	62	65
			NOX	60	59	59	61	65	69
7. Kanpur	Kidwai nagar	Residential	SPM	140	568	466	474	461	653
			RSPM	60	NA	NA	NA	212	212
			SO2	60	16	21	22	22	20
			NOX	60	14	16	17	18	17
	Fazalganj	Industrial	SPM	360	528	664	566	503	715
			RSPM	120	NA	NA	NA	206	130
			SO2	80	16	21	21	21	20
			NOX	80	14	17	18	18	17
	Deputy ka parao	Industrial	SPM	360	514	577	542	422	631
			RSPM	120	NA	NA	NA	227	231
			SO2	80	16	21	21	20	20
			NOX	80	14	17	18	17	17
8. Varanasi	Jawahar nagar	Residential	SPM	140	NA	446	335	467	629
			RSPM	60	NA	NA	NA	49	97
			SO2	60	NA	NA	NA	15	22
			NOX	60	NA	NA	NA	14	14
9. Dehradun	Raipur road	Sensitive	SPM	70	403	183	270	344	529
			RSPM	50	NA	NA	NA	135	243
			SO2	15	19	18	17	19	21
			NOX	15	19	15	17	18	21
	Clock Tower	Sensitive	SPM	70	436	313	202	402	479
			RSPM	50	NA	NA	NA	141	NA
			SO2	15	19	16	16	18	19
			NOX	15	19	15	14	18	20

Appendix XVII

(Reference : Paragraph 6.1.14; Page 90)

Financial progress of TTZ projects upto March 2001

Name of the departments	Name of the projects approved by MMB & GOI	Cost of project	Amount released			Total released amount	Amount surrendered/ lapsed	Total available amount	Expenditure upto 3/2001	Closing balance
			1998-99	1999-2000	2000-2001					
(Rupees in crore)										
1. Jal Nigam	1. Water supply Agra	72.80	16.50	—	15.00	31.50	—	31.50	19.60	11.90
	2. Water supply Mathura-Vrindavan	39.06	17.32	—	16.00	33.32	—	33.32	23.01	10.31
	3. Agra sewerage	43.57	4.00	—	4.00	8.00	—	8.00	1.47	6.53
	4. Storm Water Drainage system Agra									
	(i) Jal Nigam	5.65	2.00	—	3.65	5.65	—	5.65	1.97	3.68
	(ii) Nagar Nigam	0.95	—	0.95	—	0.95	—	0.95	0.85	0.10
2. Nagar Nigam	5. Solid waste management	7.49	6.42	—	1.07	7.49	—	7.49	7.33	0.16
3. Irrigation Department	6. Cokul Barrage	22.92	12.50	10.42	—	22.92	—	22.92	20.78	2.14
	7. Agra Barrage	120.47	—	1.00	10.00	11.00	1.00 (Lapse)	10.00	10.00	—
4 PWD	8. Construction of one part of Agra southern byepass	10.65	4.00	—	4.0	8.00	1.00	7.00	4.28	2.72
	9. Improvement of 20 Agra city roads	48.75	—	—	5.66	5.66	3.36	2.30	2.30	—
5. ADA	10. Widening of Agra byepass	0.76	—	0.76	—	0.76	—	0.76	0.76	—
	11. Improvement of Master Plan Roads of Agra City	21.22	3.10	4.00	7.50	14.60	—	14.60	12.04	2.56
	12. Improvement of Parking on western gate of Taj	0.94	—	—	0.94	0.94	—	0.94	0.81	0.13
6. UPPCL	13. Improvement of electric supply in Agra	9.11	—	4.55	1.00	5.55	—	5.55	1.67	3.88
	14. Improvement of electric supply in the rural areas of TTZ.	39.09	—	19.55	3.56	23.11	—	23.11	22.69	0.42
7. Forest	15. Plantation	9.43	—	1.15	3.00	4.15	—	4.15	3.02	1.13
Total		452.86	65.84	42.38	75.38	183.60	5.36	178.24	132.58	45.66

Appendix XVIII

(Reference : Paragraph 6.2.4(ii); Page 94)

Irregular charging of centage

(Rupees in crore)

Year	Funds released by GOI	Centage charged by UPJN	Percentage
1997-98	159.46	15.47	9.70
1998-99	165.35	18.08	10.93
1999-2000	151.12	13.18	8.72
2000-2001	125.16	8.20	6.55
Total	601.09	54.93	

Appendix XIX

(Reference : Paragraph 6.2.5; Page 95)

Targets and achievements for coverage of habitations

(figures in number)

No. of Habitations at the beginning year (as on 01 April)						Targets for Coverage during year				No. of Habitations covered during the year			
Year	Total	Fully covered (FC)	Partially covered (PC)	Not covered (NC)	Quality Affected (NSS)	Not covered (NC)	Partially covered (PC)	Quality Affected (NSS)	Total	Not covered (NC)	Partially covered (PC)	Quality Affected (NSS)	Total
1997-1998	243633	177596	64249	1788		1802	35592		37394	1002	26205		27207
1998-1999	243633	204803	38044	786		767	25519		26286	407	20112		20519
1999-2000	243633	225322	17932	379		340	17609		17949	334	14471		14805
2000-2001	243541*	236918*	3461	45	3117	45	3461	164	3670	43	3430	108	3581

* 92 Habitations were either merged with urban local bodies or not existing on ground

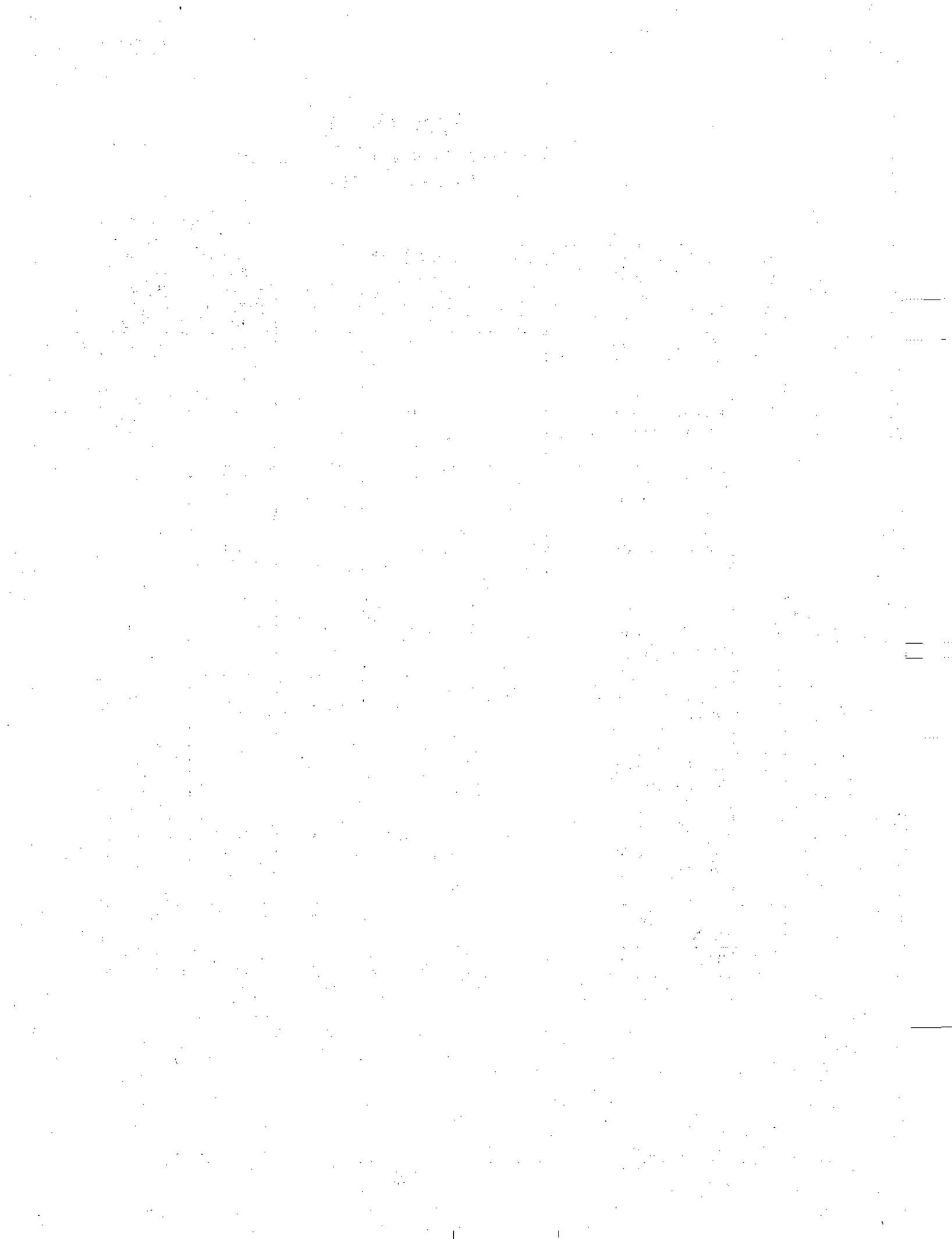
Appendix XX

(Reference : Paragraph 6.2.6.1; Page 96)

Excess expenditure

(Rupees in Lakh)

Sl. No.	Divisions	No. of Schemes	Estimated cost	Date of Start	Expenditure incurred upto 31.3.01	Excess expenditure
1.	Construction Division, Agra	1	16.23	-	32.73	16.50
2.	Project Division Chamba, New Tehri	1	10.39	7/97	15.22	4.83
3.	Construction Division, Ghansali New Tehri	14	154.18	3/97 to 3/99	208.09	53.91
4.	Construction Division Muni-Ki-Reti, New Tehri	4	37.82	4/91 to 3/96	88.39	50.57
5.	IIIrd Construction Division, Pithoragarh	2	160.88	10/92 to 10/93	231.70	70.82
6.	Construction Division, Pithoragarh	5	77.48	2/89 to 3/97	121.12	43.64
7.	IIInd Construction Division, Pratapgarh	1	48.98	4/97	74.97	25.99
8.	Upper Construction Division, Ranikhet (Almora)	1	22.50	1/2000	31.25	8.75
9.	Construction Unit, UP Jal Nigam, Unnao	34	33.60	94-95	36.91	3.31
	Total	63	562.06		840.38	278.32



ERRATA

**Report of the Comptroller and Auditor General of India for the year ended
31 March 2001 - Government of Uttaranchal**

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3.	xiii	Overview	17	locking	blocking
4.	xiv	Overview	6	band	bank
5.	7	EXHIBIT-IV	Item 26	Overdrafts (days)	-
6.	7	1.3.1	First line of the Para	applications	application
7.	16	1.11.3 (v)	3rd line of the Para	Uttar- anchal	Uttaranchal
8.	22	2.1	20	Headwise	Head wise
9.	63	Table below Para 4.1.6	Works 1996-97 under Revenue Allotment	T 838.64	T 838.67
10.	77	5.1	First line of the second sub para	(Assistant)	(Assessment)
11.	101	Appendix-I	Sl. No. 12	Administration and Justice	Administration of Justice
12.	112	Appendix VII	Sl. No. 2	Janupur II	Jaunpur II
13.	115	Appendix IX	Heading of the summary below the table	enrollment	enrolment
14.	122	Appendix XVI	Column 2	Shahibabad	Sahibabad
15.	122	Appendix XVI	Column 2	Bulandsahar Road	Bulandshahar Road

